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HOUSING NEEDS IN SAN ANTONIO, TX

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Housing Needs in San Antonio, TX, S...

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON

HOUSING AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON BANKING, FINANCE AND
URBAN AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

SAN ANTONIO, TEXAS

DECEMBER 16, 1993

Printed for the use of the Committee on Banking, Finance and Urban Affairs

Serial No. 103-107



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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1994

74-556 CC

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-044714-3

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HOUSING NEEDS IN SAN ANTONIO, TX

THURSDAY, DECEMBER 16, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING
AND COMMUNITY DEVELOPMENT,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:10 a.m., in Centro de Artes Building, Market Square, San Antonio, TX, Hon. Henry B. Gonzalez [chairman of the subcommittee] presiding.

Present: Chairman Gonzalez and Representative Rush.

Chairman GONZALEZ. The subcommittee will please come to order.

I wanted to start out by thanking the city of San Antonio and the officials of the Mercado for once again making it possible for us to use these facilities. Let me say that we have been throughout the country in various capacities, not only with the subcommittee but with the full committee, and nowhere but in San Antonio have we received this kind of help at no charge. Let me say that I wanted to express our gratitude.

I also wanted to welcome my colleague from Chicago, Illinois, Congressman Bobby Rush, who has been, in his first term, one of the most active members of the full Committee on Banking and also its Subcommittee on Housing, which is what is meeting here today. He has traveled all the way from Chicago to be with us today. I want to thank him for his presence.

Also I wanted to thank the Secretary once again. He was with us in Houston the day before yesterday. Ever since he was sworn in as Secretary he has been tremendously cooperative with the subcommittee in Washington, DC.

I especially want to thank the mayor, Nelson Wolff, a long-time friend and a very dedicated public servant. He has served in various selected capacities as a legislator, and we want to thank him for his help and cooperation as well as the other witnesses that we will list.

Now, in view of the fact that we were delayed in starting this promptly at 9 a.m., I will ask consent, Mr. Rush, that my opening statement be placed in the record at this point.

Now, the full committee has been in San Antonio several times since the first year that I was elected chairman in 1989. We had a hearing of the full committee at SAC, and I notice that the head of SAC—the San Antonio Community College—is here. He had been newly installed when we had our hearing this last summer around July 8.

There wasn't too much public attention given or reported on that hearing, but it was one of the most important the full committee had on this subject matter we call money laundering, drug money laundering, and the testimony we received here in San Antonio was of extreme importance. It led to the formulation of the legislation that is forcing its way through the Congress right now.

So I wanted to mention that on this occasion the subcommittee is here once again in its pursuit of information, particularly in one of the historical cities as far as housing is concerned and the use of the Federal programs that became available since the 1947 act. Actually, the first act—1937 Housing Act—the fundamental Housing Act did not promote such areas as public housing. It wasn't until the 1947 act where there was a pointed and a declared intent with respect to opportunities for the poorest segments of our society, the very poor.

The 1937 act was really a slum hearings act, and it provided that for every slum unit eliminated, one new unit had to be constructed. Then in 1947 that was changed to permit the purchase and acquisition of land which by then was beginning to become a very costly commodity, as it is much more today. It was amended to provide that you could build public housing in semioccupied or slum territory.

In San Antonio after a referendum we had an election. We had the most expansive program amounting to some \$28 million in public housing, and I was very privileged to work in that endeavor with Marie McGuire, the very preeminent public housing director that the city had spirited away from Houston. As a result of the election or referendum, public housing was very, very much fought.

It was won, and we had this expansion that led to the construction of such dwelling places as East Terrace, the Sutton homes, the Mirasol 500 units, and the Menchaca homes. Above all, adjacent to the Cassiano homes there is the Cassiano Court which when I was growing up and even when I was a juvenile official, chief juvenile probation officer, was called the death triangle. It had the highest rate of infantile deaths due to infant diarrhea in the whole country or anyplace. Can you imagine that?

Instead, we now have the Cassiano homes. That area was cleared of some dwellings that consisted of lean-tos, cardboard tin shacks, dirt floors, no running water, no closets, pit privies, and that was, as you can see, not too far from the city hall.

So it has been a tremendous privilege to have served in these varying capacities and have witnessed what can be done and should be done. So today's hearing is concentrating on obtaining and extracting the information and knowledge we need because next year, beginning January 25 when we go back into session, we have to extend all of the affordable housing laws that will expire by the end of the next fiscal year. So we want this to be most informative. It looks as if, thus far, it will be.

So with that I will recognize Congressman Rush for any opening statement he might wish to make.

[The prepared statement of Chairman Gonzalez can be found in the appendix.]

Mr. RUSH. Thank you, Mr. Chairman. I do have a brief opening statement.

I welcome this opportunity to be here with you, Mr. Chairman, and with Secretary Cisneros and with Mayor Wolff in this great city of San Antonio. I must say that the reputation of San Antonians as being very hospitable and kind to its visitors is certainly confirmed by my own activities since I arrived here in San Antonio. Your city is a great city. The people are great people. I certainly welcome the opportunity to again be here with you.

As has so frequently been the case during my first year as a member of your committee and your subcommittee, I would like to commend you, Chairman Gonzalez, for your attention and commitment to pressing national issues like the availability of affordable housing in San Antonio, the subject of today's hearing.

Mr. Chairman, I must say to you that those who are in Chicago and in cities throughout the Nation, poor people who are desirous of decent housing, you are their champion, you are their inspiration, you are their spirit, you are the voice that they cling to because over your past history and your time in the Congress and before the Congress you really have become the example of what an excellent public official should do and should be in regards to fighting for the needs of people who are desirous of part of the American dream of a decent place to live.

As a member of your committee I am very, very proud to work with you in regards to trying to help alleviate the pressing problem of decent housing for people, for citizens of this Nation.

Mr. Chairman, as I became more familiar with the situations like those who are of limited means that they face here in San Antonio, I was struck with the similarities between this city and my district in Chicago. Today in San Antonio 16 percent of the residents are poor, which is the second highest rate among 44 metropolitan areas throughout the Nation. The rate of overcrowding and the physically deficient housing in San Antonio is more than twice that of the national level.

The First Congressional District, which I represent, also contains a large proportion of substandard housing, both public and private, and much more than its share of poor families. I am proud to count myself among those in Congress who intend to work very, very hard to emulate the illustrious chairman of this subcommittee, a man who cares deeply about those who have least in our Nation, who works tirelessly to improve the quality of life for Americans who need it most.

I am looking forward to the testimony that we will be hearing today and toward working in the future with Chairman Gonzalez, the other members of the House Banking Committee as well as Secretary Cisneros as we endeavor to address the dramatic needs that we know exist in communities like Chicago and San Antonio and countless other communities across this Nation. The true measure of the greatness of our Nation is how we treat those who are most vulnerable, and I believe that with the advent of the Clinton administration we are poised to achieve greatness.

Mr. Chairman, I would be remiss if I didn't also take a moment to commend, compliment and show my public appreciation for the Secretary of the Housing and Urban Development department of the Federal Government, Secretary Cisneros, who has been an individual who I have grown to know, to love, and to respect in his

brief period of time that we have worked together in the Federal Government. He is a very sensitive individual, a very committed and dedicated person.

As a matter of fact, we have a serious, serious problem in the public housing in the city of Chicago, a problem that is probably more personified by the fact that people in Chicago just don't believe in public officials. They don't believe the commitments, the statements. They don't believe that the policies that are directed toward them are, in fact, beneficial to them. They have a strong sense of mistrust because of broken promises, insincerity, and mistaken public policies.

I just think that Secretary Cisneros, in terms of how he has come into Chicago and worked not only with the mayor of the city of Chicago, myself, other Members of the Congress, but with residents of public housing, he has began to turn the corner, to provide the kind of respect, to give them the kind of respect, to show them his sincerity, and, therefore, he is beginning to reawaken the potential of the residents of public housing not only in the city of Chicago but throughout the Nation. I certainly will work very, very closely with him and commit myself to helping him to achieve what is his goal and that is to make public housing in this Nation the premier housing that it should be and that it can be.

Thank you, Mr. Chairman.

Chairman GONZALEZ. Well, thank you, Congressman, and thank you for your very, very kind words.

Our first witness, of course, is our mayor who has very kindly dropped his official business. I think today, Thursday, is a council meeting day, so we will recognize you, Mayor Wolff, and try to keep you as short a span of time as is possible. Thank you very much for coming over.

STATEMENT OF HON. NELSON WOLFF, MAYOR, CITY OF SAN ANTONIO, TX

Mr. WOLFF. First of all, Congressman Gonzalez, let me thank you for having this hearing here in San Antonio. Congressman Rush couldn't have said it any better with respect to your tenacity and your determination to help those in our society who need a push and a help to reach a decent life among all of us.

Congressman Rush is coming to San Antonio at a time when we are really beginning to pick our feet up. We were ranked number one in Texas in job creation, number three in the Nation last year. We were just ranked number one in the Nation with respect to our environment, ranked number one with respect to our fiscal management of the city, and Al Cecenio, our city manager, is due credit for that work. Then we were just recently put in the top 10 cities destination throughout the world, ranking us alongside Paris and Vienna.

We have dropped our unemployment rate down to 5.5 percent now, but that is coming about because of work that a lot of people did in the past, including the Secretary who is sitting right next to me who was the mayor of this city for some 8 years. We are beginning now to move forward.

We went through those years, and we heard Congressman Gonzalez's voice in the Halls of Congress during the Reagan years

when greater disparity came between the rich and the poor because of changes in tax policies when housing was cut during those years, when social and domestic programs were cut during those years and when economic competition worldwide came at the same time as those things were happening. We found that as we moved forward in our community and I think throughout the Nation that a significant number of people were left behind, and, as you stated earlier, some 16 percent of our people in San Antonio are at the poverty level and were left behind for a number of reasons.

You will hear a report from Partnership for Hope that talks about the deficiency of our housing needs in the city of San Antonio and some recommendations about how we need to move forward in a partnership between the Federal, local government, State government, and private industry to pull us ahead.

We are doing a number of initiatives now that go beyond just the issue of housing. I think you will hear a little bit about that, the type of programs that we need to not only provide a dwelling for someone but to uplift them.

The programs that we started under the coalition, which is a partnership of the public-private sector, trying to help the youth at risk, of education partnership that went into eight schools that former Mayor Henry Cisneros started is making a significant difference in the young people in the age group through grade 12, the After-school Program that the COPs organization got us into. Now we are in 60 schools.

The literacy centers that we have opened up around the city, the child care within the city and the State of Texas that puts hard general revenue dollars in to match for child care money for those that need help. Project Quest, the Job Training Program again initiated by the COPs organization, where we have some 600 people in that Project Quest now, an innovative, different way of reaching job training.

And we took \$2 million out of our general revenue funds to help a person get through that job training so they get good job training, not one that is going to just give them another job that is a dead end job and a minimum wage job. So we are making some progress. We are attempting to do better ourselves on how we operate as a city with our different agencies that are involved in housing.

Again, another innovative program started by former Mayor Cisneros was the Housing Trust Fund. Some \$10 million was set aside to leverage for housing needs in the inner city.

Just this last Thursday, we put in place a new board for our San Antonio Development Agency. He gave us one charge, to develop inner city affordable housing where people have a chance for ownership.

The city manager is going through a very, very intensive look now at all of the different players in the housing area and seeing if we can't come up with a better, more comprehensive way of addressing the housing needs and utilizing all these resources in a more effective way. We are going to be looking at doing what we call enterprise zones where we can give greater incentives for affordable housing in the inner city.

We just passed an impact fee that encourages development in the city and discourages it in the outer reaches of the city.

And then just the recent announcement that one of our major projects right here in San Antonio, the Spring View Housing Authority on the east side of San Antonio will receive a substantial grant of something like \$45 million to not only rebuild those units but also to look beyond just the housing area and say, what are we going to do in the neighborhoods? What are we going to do with economic activity surrounding that area? So it is a more comprehensive look than I think we have ever done before.

So, yes, we do have the problems, and I am pleased that you are here to listen to them, to hear what we are trying to do to see if we can't forge a stronger working relationship with the Federal Government. We are delighted that Secretary Cisneros is looking at all of the elements of HUD.

We had a rough startup on the HOME money because of various regulations, and we couldn't seem to get that going. We just announced a new project here just last week, a senior citizen housing project on the west side of San Antonio using some of the HOME money. So I think if we all figure out the best way to work together, how to get as much red tape out of the way as possible, that we could move quicker in to leverage other resources. We have had some banks come forward for the first time in quite some time willing to invest in some of these projects along with the public monies.

So we are delighted you are here. We are delighted that you are willing to come to San Antonio, and we want to be a partner with you in addressing these needs that, quite frankly, for quite some time the administration had no desire to really seriously consider those needs. So thank you very, very much.

Chairman GONZALEZ. Well, thank you, Mayor.

I believe you are trying to get back to your council meeting.

Mr. WOLFF. We start at 10, so we have a little while.

Chairman GONZALEZ. Well, you mean there won't be much done in this half hour.

I think—if it is all right—that if we have any questions for you, we ought to ask them now. As far as I am concerned, I will have some questions that I will submit in writing to obtain some statistical information.

[The information referred to can be found in the appendix.]

I will defer to the city manager, and I won't ask you to answer any questions because I think it would just delay matters and not add to any extraction of particular information you haven't provided already concerning what the city is doing.

I want to compliment the city council and you. It is a very difficult job. The toughest of all of my experiences as an elected official were the 3 years I was on the city council. I have always tried to avoid jumping on you, but if I do now and then, I can't help it.

Mr. WOLFF. It is OK.

Chairman GONZALEZ. You know that it is something extraordinary.

Mr. WOLFF. Probably deserve it.

Chairman GONZALEZ. If I can, I will do everything I know how to be helpful because I will tell you, that is a very, very difficult job.

Anyway, Mr. Rush.

Mr. RUSH. I just wanted to say to you, Mr. Chairman, to the mayor, and to all the people in this city, I want to thank the citizens of San Antonio for sending us, the rest of the citizens of this Nation, the greatest one-two punch that I have ever been involved with; that is, Secretary Cisneros and Chairman Henry B. Gonzalez, the one-two punch for public housing.

Chairman GONZALEZ. Thank you very much.

Well, Mayor, if you wish, you are excused.

Mr. WOLFF. Thank you very much.

Chairman GONZALEZ. If you want to stay, we would welcome you, but we also know that it might be important for you to be up there. You know with current limitations, there is no telling, you are likely to have a coup.

Mr. WOLFF. You don't know what they will do to me if I am not there.

Chairman GONZALEZ. You are likely to have a local coup here, but thank you very much.

Mr. WOLFF. Thank you.

Chairman GONZALEZ. Of course, our next witness is our Secretary, and let me just say briefly that he just got back after his considerable length of stay in Houston that lasted all the morning. After the hearing, in fact, I believe he went to Chicago and also Springfield, Illinois, and now he has returned and is here. And I think that is a tremendous testament to how dedicated and how hard he has been working. He has been all over the country.

I was there when we founded HUD. Very little known fact, Mr. Secretary—you may be aware of it—is that President Kennedy tried twice unsuccessfully to form a department of housing, and he failed. And it wasn't until after his death that President Lyndon Johnson was able to do it in 1965.

I have been there, and, in fact, been on this subcommittee since I went to the Congress 32 years ago, and I have known all the Secretaries from the first one, Robert Weaver. I have known of no Secretary that has shown the dedication to this particular area, public housing, which unfortunately has such a pejorative, such an unwelcome ring to it. It has always been that way from the very beginning. Public housing philosophically was always quite hard, and it still is. You still have interests that would have it eliminated, who tried from the beginning to throttle it.

Against that backdrop, you have a Secretary that I am sure, subject to no rebuttal whatsoever, has been in more public housing complexes in this entire Nation, from Los Angeles to DC and from the Canadian border to the Mexican border, than anybody else or any other public official on the Federal level.

So thank you, again, Mr. Secretary, for joining us here. It is very important. You have your background. It needs no explanation. The record is there. And what you did as mayor to foster and stimulate, Mayor Wolff referred to that. We want to thank you and express our profound gratitude for your continued sustained cooperation.

**STATEMENT OF HON. HENRY G. CISNEROS, SECRETARY, U.S.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Secretary CISNEROS. Thank you very much, Mr. Chairman, Congressman Rush, and fellow panelists and friends of San Antonio and housing.

Thank you, Mr. Chairman, for giving me the opportunity to present to you and the subcommittee here in our hometown. It is a very special moment for me, and I am grateful to you for the opportunity.

I want to thank Congressman Rush for his kind words. I know the positive force that he has been in Chicago, walked the streets of his district, the Englewood neighborhood with him, and yesterday was at Cabrini Green where he has been a very positive force, Congressman, in much the same way that you were a few days ago and have been over the years in Allen Parkway Village where an advocate for inclusion of the residents and for the best possible plan that could be put together to preserve units is the role that Congressman Rush has played in Chicago, and it has resulted in a better plan, and I am grateful to him for that, as are the residents that I spoke with yesterday.

Congressman Rush was very kind in making reference to a one-two punch, but I don't know whether he has seen pictures that I have seen of Congressman Gonzalez in his boxing trunks where he used to work out at the Guadalupe gym here. I think he is a pretty good one-two punch all by himself.

Mr. Chairman, we owe you a debt of gratitude for your many years of leadership as a strong advocate for decent, affordable housing and equal housing opportunity and better communities. You have been a vital force in this effort throughout a lifetime of achievement.

Just in the last 5 years or so you have played a leading role in shaping the national agenda for housing policy by shaping three of the most important pieces of Federal legislation we work with today: The Stewart B. McKinney Homeless Assistance Act in 1987, which is the core of all our homeless response, the Cranston-Gonzalez National Affordable Housing Act of 1990, and the Housing and Community Development Act of 1992. These are three landmark pieces of legislation.

Just a quick litany of the programs that we work with today that are a result of this legislative advocacy: the HOME Program, the HOPE Program, Moving to Opportunity, Lead-Based Paint Abatement, Family Investment Centers, Family Unification, Public Housing Modernization Grants, all of the homeless programs, Youthbuild, and the distressed public housing demonstration grants that we will be talking about here today.

You and Congressman Rush are among the few Members of Congress who bring a real grounded understanding of the needs of tenants, housing managers, and city officials who work on the ground floor, and much of your experience and background comes from your personal observations.

I am not sure whether the Congressman knows it—Congressman Rush knows it—but before you became a Member of the House of Representatives in addition to being a member of the State Senate you were a member of the San Antonio city council and, before

that, deputy director of the San Antonio Housing Authority. So your work with the housing authority and representation of citizens at the lowest level of the ground—grassroots—level of government is what has prepared you for a lifetime of staying very, very close to the people.

You fought off all efforts to reduce the HUD budget during the Reagan years and continued to fight for affordable housing programs when they were repeatedly zeroed out in administration budgets. You have been a watchdog for the Department in combating abuse and mismanagement.

As a member of the House Banking Committee since 1962 you have been one of the many—one of the leaders in Congress on housing and numerous other issues. You deserve every bit of honor that we can pay you.

I might just say to you, my fellow citizens of San Antonio—and I say fellow citizens though I live in Washington today—the house I own is about eight blocks from here.

Chairman GONZALEZ. Would you pardon me? Are you registered to vote here?

Secretary CISNEROS. Yes, sir.

Chairman GONZALEZ. Because you are in my district.

Secretary CISNEROS. I think I can honestly say since I have voted I have always voted for Henry B. Gonzalez.

Chairman GONZALEZ. And your parents.

Secretary CISNEROS. If I may, just a personal aside, I had breakfast with my parents this morning. I am not sure whether my mother has come, but she wanted to come to the hearing. She will be here in a little while if she is not here already, but they asked me to pass along their regards.

You taught us all, Mr. Chairman, that public housing is a national treasure to be defended, preserved, improved, and expanded. America's 1.4 million public housing units and the 4 million people who live in them are an extremely important group to our country.

During the 1980's more than 2 million units of private, low-rent housing were lost in our cities. Many analysts identified this loss as an important cause of the dramatic rise in homelessness. While private units were lost, public housing remained a resource to provide homes for low-income people. So, no matter what the opponents of public housing may say, it is a critical resource and must be maintained as such. Efforts to diminish the public housing stock must be countered, as you have done, because this country needs the stock, needs the units in public housing. In fact, we need more, not less.

At HUD our goal is the same as yours, to preserve the vitally needed affordable housing stock for the public interest over the long term. We must work hard to improve and maintain the physical conditions but now add a new dimension and that is revitalizing the social and economic environments. Every vacant unit needs to be rapidly restored or replaced as well as supported then with job training and job placement and child care and other social initiatives.

Mr. Chairman, your work to create the urban revitalization demonstration grants is an example of exactly meeting that goal, and so I am very happy today to confirm an announcement that you

made earlier on behalf of the Department of Housing and Urban Development and that is that San Antonio has been awarded more than \$49 million in urban revitalization demonstration HOPE VI grants in two public housing communities here in San Antonio. The Spring View Apartments in San Antonio will receive \$48.8 million for the renovation of 223 units and the replacement of 198 more. All of the 102 of the units to be replaced will be replaced on the same site. Space will be available for a new community center with recreational facilities, education, training, and social service offices.

At Mirasol Homes nearly a quarter of a million dollars is being set aside to do the planning with residents and community leaders and the architects and the housing authority staff for the next round of HOPE VI to get Mirasol—the plan in shape that it can be a good competitor for the next round of HOPE VI.

Only a handful of communities, indeed three in the country, were of a complex that they could receive both a substantive grant this year as well as a planning grant to prepare them for next year. I want to congratulate the housing authority and your constant pushing for excellence that has put San Antonio in a position to benefit in this way.

We in the administration, Mr. Chairman, are believers that public housing is a platform from which individuals, families, and communities can make a critical transition in their lives.

Today, I would like to share with you, if you will give me a few moments to do this, a philosophy, a vision for how that concept of using public housing as a transition to a better life can actually be put to work. If you will permit me, I want to take the opportunity for the first time to lay out a series of ideas that integrate much of what you have worked on and what must be done ahead with four critical transitions: The transition from welfare to self-sufficiency; the transition from tenancy to home ownership; the transition from distressed communities to prosperity and thriving communities; and the transition from segregation and discrimination in communities to open and fair communities.

First, the issue of transition from welfare dependency to self-sufficiency. We want to help people improve their economic status long term. We need to help public housing residents gain the tools that will enable them to improve their economic status.

The average income of a public housing family today is \$8,000, about one-fourth of the national median income, and only 22 percent have wages as the core of their income; 76 percent of households are headed by women; and 69 percent of public housing residents are racial minorities. Our initiatives must help poor people and poor communities gain an economic footing.

That is why we are asking for your help in reforming the public housing rent rules so that we can remove the disincentives to work. Under current rules residents pay 30 percent of their income, no matter what their income is for rent, so that when someone gets a job or their income increases, the rent automatically goes up.

I have seen situations where, because no one in the family is working, when one family member goes to work it is the first dramatic increase in income and the rent literally doubles or triples because it must follow as a percentage of income. That is just wrong. What it does is it serves as a disincentive for people to

work, and housing authorities, I must say, have abused this. I have seen circumstances where, when a child received a college scholarship that was counted as income, the rent went up because some one in the family had the good fortune, the good talent to earn a scholarship.

Again, it is just wrong, and I think we need to disassociate rent from income so that people's income can rise and we can have persons within the housing authorities, working families, who should not have to end up paying more for public housing than they would for private housing. And the fact of the matter is they leave, and what we do is we have removed someone who serves as an example to others within the housing.

We want people who are eligible, obviously, below 80 percent of median, but who are rising in income to be in public housing. So we want to cap, put ceiling rents so that people whose income rises can stay in public housing for a while and serve as an example to others of what is possible.

I want to share also with you a program within this same rubric that I am describing, the transition from dependency to self-sufficiency. I want to share quickly words on three programs: Step Up and Section 3 and Family Investment Centers.

First, Step Up. Step Up is a program geared to public housing residents to get job training, work experience, decent wages, and union apprenticeship opportunities in the building trades. It could be sponsored by entities such as the local public housing authorities or a local community development agency.

I have seen this work in Baltimore where the mayor and the leadership there are doing a phenomenal job with Step Up.

Specific parameters of the program are set at the local level. The key is to combine personal skills with job-related classroom instruction and on-the-job training and work experience. The Work Program sites can be the sites where we are spending our modernization money in public housing where maintenance is taking place. Very difficult to do because we must work closely one on one with the residents to determine those who have the willingness and the talent and so forth to want to work in these particular kinds of construction jobs.

But when they work it is a magnificent thing to see—people taking the pride of working right where they live, women in nontraditional construction jobs, young men who otherwise wouldn't have work doing construction work and going on to develop their skills. You have made that possible with the Step Up Program. We are going to try to make it work.

We are also making an effort to enforce the 1992 amendments to section 3. Very, very important. Section 3 requires that job opportunities and other economic opportunities resulting from direct HUD assistance be provided to low-income areas in efforts where HUD work is underway.

In other words, at Spring View Apartments where we are going to spend \$48 million, the primary beneficiaries ought to be the people who live there, who not only get better housing but get jobs as well. We are never going to be able to address some of the profound underpinnings of problems in public housing in this society without a commitment to jobs. It means job coordinators are responsible for

assuring that residents receive the economic benefits, jobs in accounting, recordkeeping, and construction and service-related activities.

And I am very proud to say that Roberta Achtenberg, our Assistant Secretary for Fair Housing, is making a priority of enforcing section 3. Where we spend money we must regard it not just as a housing program but also as a jobs program. It is critical that we do this.

Finally, the Family Investment Centers, another idea that came from your legislation, are making it possible for families to work together and get training together, another piece of this strategy. So as you can see we want to work hard on not raising incomes in public housing by bringing people from the outside at higher levels of income. That is not the point. We want to raise the incomes of people who are in public housing today.

Now, when we have done that it leads me to my second transition, and that is the transition from residency and tenancy long run to the American dream, which is homeownership. Public housing can serve as a platform if we work it correctly in getting people incomes as a platform for creating homeownership opportunities.

Owning a home continues to be the goal of many people. As you know, Mr. Chairman, you have been a champion of ownership. It is a source of wealth for most Americans. Most Americans have everything they own in equity, in their home. It is what gives them some ability to have a stake in the American system. It provides people a place to live and raise children. It is an investment of an asset that can grow as the value of housing rises. It can provide the capital needed to start a small business or finance a college tuition or generate security for retirement. Homeownership enables people to have greater control and exercise more responsibility over their living environment.

We are working now on designing a series of programs to enhance homeownership opportunities for low- and moderate-income renters. Now, let me make clear, this is different from what the last administration proposed where they proposed selling off the very housing units in which people lived.

First of all, in my opinion, that was not a practical solution in the main because many of the units are not suitable for sale. They have massive maintenance problems, and they don't work as a practical matter.

Second, the underlying assumption on the part of the previous administration was that if they sold the units they would take the government out of the public housing business. That really was what they were trying to do.

We are totally at odds with that objective. We believe there is a place for public housing in the American housing system as a platform to help stabilize people's lives and help them move on. And, Mr. Chairman, in the process, as we move people along and help them to move to homeownership, in the process we free up the units that other poor Americans need to go through the same process of being stabilized, creating a platform.

The units are too valuable to have the Federal Government want to sell them off. We have three times as many people waiting for public housing as we do in public housing today. I just saw the

newspaper story yesterday that said San Antonio has a waiting list of 25,000 people in public housing.

Yesterday's story in the Chicago paper, Congressman Rush, was how the housing authority has had to cut off the list, the waiting list for section 8, for section 8 for disabled and for section 8 for elderly, because the lists are 10 years long, and it didn't make sense to add people to the end of a 10-year waiting list.

So we need the units. Any strategy to sell off the units, diminish the number of units is wrong, but we do want to make those units available for the next generation of Americans that need it by moving the present generation of residents on to opportunities if we can. Residents who can afford ownership ought to be helped to buy a small home or a row house or a town house or a condominium in another building. By helping them graduate to homeownership in new communities we are not only helping them but maintaining the country's stock of public housing.

Mr. Chairman, I hope that you are pleased with how we are trying to do this because what we are trying to do is cross the traditional divisions within HUD that keep us working, public housing within public housing, FHA within FHA, community planning within community planning, and do cross-cutting things with this.

One of our newest and most ambitious efforts is to match public housing residents who are ready for homeownership with a Single-family Property Disposition Program of FHA. Under this program that sells HUD-owned homes we can discount them and not do any damage to the FHA fund up to 30 percent, make them available to public housing authorities, make them available to local governments and nonprofit groups so that they can be rehabilitated and resold to low-income buyers, targeting persons who are today in public housing and who can be assisted in becoming homeowners.

This idea builds on a successful demonstration that we had in Chicago and in Richmond over the course of the last year. We sold over 200 homes in Chicago, Congressman Rush, not to public housing residents but through community organizations that make the homes available to people that they know of through churches and so forth. We are now getting ready to make it available to the housing authority for the same purpose.

In addition to selling FHA-foreclosed properties, we can work with the Resolution Trust Corporation and Federal agencies to facilitate the sale of government-owned houses to low- and moderate-income purchasers. We are initiating partners for single property disposition with State housing finance agencies, with Fannie Mae and Freddie Mac, who are more interested in working with us because of the strong pressure that congressional oversight has put on them to make housing available.

HUD is also working to strengthen the linkages that expand housing opportunities for public housing residents. Apolonio Flores, who is sitting up here, is working as a consultant to HUD to help us determine how we can more closely sell FHA properties to public housing authorities and make them available either for scattered site public housing rental or for ownership opportunities.

All of these things are an example of what we are attempting to do.

I would like to focus on one thing briefly, still within this point that I know you have worked very hard for, Mr. Chairman, and that is the National Homeownership Trust. I know this is an important program for you. Previous administrations have chosen not to fund the program.

I know that it is authorized at a level of some \$400 million plus. Money is tight, and so we will not be able to find money at that level, but I want you to know that in my presentation last Friday afternoon to President Clinton on the HUD budget we have included at a minimum a request for \$100 million in order to begin the National Homeownership Trust. We believe it is a very good idea that will allow us to do things like low and no downpayment programs for people as well as mortgage reduction to help people become homeowners.

As we test it this first year at the \$100 plus million level I hope we can prove that it works and fund it massively, and it will be one more legacy in your long legacy of important housing initiatives.

Again, we can match things like jobs for people in public housing with the Homeownership Trust that helps them with the downpayment and moves people toward a better life. So that is our second transition, from tenancy to homeownership.

The third is to say just a few words about distressed communities, transitioning to more prosperous communities. One of the most important steps that we can make in helping communities transition is to tear down the walls of isolation that separate public housing developments from the surrounding neighborhood. Public housing residents and the community at large would benefit from such closer collaboration.

One of the things we are doing, for example, is to reduce the walls of fear by transforming the Drug Elimination Grants Program into a Community Partnerships Against Crime that focuses more on resident involvement and community partnerships in public housing as part of the legislation that we will be asking you to support. Our goal is to make a larger, more flexible instrument for mobilizing local residents to fight all forms of crime and substance abuse and violence through modern community policing, social services, treatment programs, youth programs, and antigang programs.

The key to COMPAC is that it reaches beyond public housing and links public housing residents with the people of surrounding communities, instead of the wall that I saw in Chicago where the neighborhood is at odds with the residents of Cabrini Green or places like Mirasol here where neighborhoods seem to separate themselves from public housing residents.

The empowerment zones initiative, the community development banks initiative are all parts of the comprehensive neighborhoods with public housing as an important part of it.

Finally, with respect to these transitions, Mr. Chairman, the fourth is the transition from segregated and discriminated enclaves to open housing and fair communities. The success or failure of all of the efforts I have described heretofore will largely be determined by whether or not we are successful in achieving this fourth transi-

tion, moving across the lines of segregation in our society, which is deeper and more intense than I had imagined it.

We have made a commitment to ending what the experts call the spacial separation of Americans by race and income because it is one of the greatest barriers that we have to building not only healthy communities but indeed a healthy America.

Here in Texas last September HUD took a stand in the town of Vidor saying to the people of Vidor as well as to the people of America that this administration will not tolerate segregation as we witnessed it there. We removed the director of the Orange County Housing Authority, asked the Board of Commissioners to step down for failure to protect the civil rights of African-Americans—for allowing racism to drive away minority families and other individuals who sought only a decent home in Vidor's public housing.

We are making a frontal assault on housing and mortgage lending discrimination by encouraging metropolitanwide fair housing enforcement and antiredlining strategies for mortgage lending and insurance. If we can deal with it in Vidor, Texas, then we can deal with it in the other 67 counties of east Texas where we are under court order.

The truth is, as Congressman Rush knows, that these virulent forms of northern racism are as serious in the North as they are in any of the old South. Indeed, some studies show segregation more intense in some of our northern cities.

Our Moving To Opportunity Program, which you helped us with, Mr. Chairman, in the amendments you got us through the appropriations measures last year will empower people to live in assisted housing, usually in the inner city, to use more section 8 rental certificates to move into low-poverty areas, including the suburbs. Building on the very successful Chicago Gautreaux Program, it can help families get closer to better jobs and better schools.

We want to expand the Section 8 Program to give people a choice and set up in communities the mechanisms to support them as they seek choice. One of the best ways to make these transitions is through the program we have announced with you here today, the HOPE VI, Urban Revitalization Demonstration Program for severely distressed public housing.

Only 6 percent of the public housing in this country is severely distressed, but it is the most visible public housing. This program allows us to assist in places like Spring View Apartments here and others across the country.

Cabrini Green, which I was working on yesterday—working on a HOPE VI grant there—to take those highly visible symbols that too many Americans use as an excuse for not becoming involved or writing off public housing and the people in it and turn those around so we can get back on the American historic tract of integration and decent housing for all.

Mr. Chairman, I would admit that too often HUD has been part of the problem. Some of our public housing authorities have been criticized for taking up to 4 years to spend their modernization funds. Yet, at the time the Congress appropriates funds HUD has in the past routinely taken 1½ years to 2 years to sign the contracts.

Once they are signed we bog down the authorities with unnecessary rules, regulations, and bureaucratic delays. I want the new HUD to become part of the solution, finding ways to move away from handbook management and gotcha mentality where it appears that a good day's work is telling people what they cannot do, to instead creating a HUD that can say yes to people in their quest to build affordable housing and better neighborhoods which emphasizes public service and performance, becoming partners and facilitators with local communities.

In the grants we give today and the vision I have tried to articulate a philosophy of public housing which I hope represents to you an indication that we are on the same page and we are working with you and the Congress to join you in your historic and traditional quest to build better housing for all Americans. This is a commitment you have made. It is a commitment our President has made. And it is a commitment that I am happy to do my part to try to meet.

Thank you very much.

[The prepared statement of Secretary Cisneros can be found in the appendix.]

Chairman GONZALEZ. Thank you, Mr. Secretary.

I have seen no individual like Secretary Cisneros, whether it is a Secretary or on any level of the executive branch, who has, in less than a year, so quickly and so expertly put together the various, sundry and complicated policies that the Congress had intended but seen frustrated through the years. He has vision and that is what it takes. Where there is no vision, people are lost. The Secretary has that vision. I have nothing but admiration at the way he has so expertly sensed what Congress intended.

Of course, his background of experience in San Antonio as a member of the city council and mayor certainly gave him the testing ground that afforded this unique ability.

As an administrator it has not been easy, I know. I must say that it is the first realization of congressional intent that I have seen of the many and multiple efforts that have been made in the last three decades in Congress.

You are absolutely correct, and, of course, we are going to do everything we know how, as we tried to do this last summer, in meeting your immediate legislative needs. There will be the general reauthorization efforts that are currently being made.

Let me take this opportunity to introduce the staff director of the Subcommittee on Housing. He is a fellow San Antonian, a young man. He has been working with our subcommittee for about 10 years. He came to us from Trinity University and the Graduate School of Urban Studies, a product of Dr. Earl Lewis, and has really taken over. That is our own fellow San Antonian, a son, also, of a family that I have known through the years. His father is a retired captain in the fire department. I speak of Mr. John Valencia, who is here behind me.

Also accompanying him is Angela Garcia who is a young attorney and is now associate counsel for the subcommittee. We cannot count her as a San Antonian, but she could pass for one. She actually hails from Arizona, and her father is also a long-time friend of mine going way back. In fact, I was still in the State Senate in

1958 when we met. Then, of course, in the intervening years as a Congressman I had occasion to go to Tucson, Phoenix, and other parts of Arizona.

Let me say this, Mr. Secretary. As far as specific questions, you have covered the ground. There is really very little that I could constructively ask to consume your time at this point because it is just a superb, astounding vision and performance to match that.

I recall the beginning of public housing in San Antonio. As I said in Houston, it was Father Casey who was working there among the poorest of the poor at the time when poverty was something that, thank the Lord, even today with the depressed situation, we still don't see.

We had people literally dying from tuberculosis. San Antonio was the leading city for incidences of tuberculosis. I witnessed people dying little by little every day. Tuberculosis is a disease that is socially passed by, first, overcrowding and, second, malnutrition, and San Antonio had both in abundance.

It was a time, though, that San Antonio was divided. That is, there was no awareness of one half of the city. Thank the Lord things have certainly changed in a great way for the better. It doesn't mean we don't have serious problems. Of course, we have them. But as long as you have individuals like the Secretary and my colleague here and others in and out of San Antonio who are dedicating their efforts to addressing those problems and overcoming them, changes for the better will occur.

They are not divinely made. They are human problems, and, therefore, they are susceptible to human solutions.

I can recall when the first families moved into Guadalupe Santa.

Incidentally, at one of the first developments we are going to visit later this day, the Lincoln Heights, you will see a plaque from the Roosevelt administration which dedicated it. It was located in this pocket on our west side which traditionally has been that section of the city where the citizens like myself originated from a group that has been variously labeled Latin-American, Mexican-American, Chicano, or Hispanic. It was just as ghettoized in those years as anything you have seen anywhere. There is a pocket of our fellow Americans of like descent on the west side.

Lincoln Courts was built for the purpose of housing those poor families in that area. Very few San Antonians are aware that it is not just the east side that has our fellow citizens of black descent, but the west side has a very substantial pocket.

I recall the school, the primary school. There was no middle school or high school. The children from the complex were bused all the way over to the east side.

So later when we had all that controversy about busing and how terrible it was, I said, what do you mean? It is nothing new except it was the blacks that had to suffer it.

I saw where the families settled in those first homes built. There were differences which happened almost imperceptibly as we went through periods of tremendous societal changes and demographic changes.

In the beginning, our families were broke, but they were not poor. You had solid, rich family context. You didn't have what we now see in single-family-headed households.

When I worked for the housing authorities those 3 years, 1950 to 1953, I was able to get a little bit of help with two assistants. One was Marie McGuire, a great housing director. Thereafter, the projects were all under construction. Some had been completed, and some were still under construction in 1953.

I then had some research done on as many families as we could find that were housed between the period of 1941 and 1950 to see what, if anything, had happened. We found that 90 percent of those that we were able to trace had moved out. You know, as soon as housing became available—remember, you had a pentup demand immediately after the war. Families during the war were doubling up and tripling up. San Antonio was an impacted area. It doubled the population.

Once housing was constructed, 90 percent of those tenants were able to move into private ownership one way or the other, either existing older stock or, in some cases, new stock.

So then came the war, you will recall, after 1941, and the construction of those units. Gradually, it reached a point where if you were going to be eligible for public housing you had to have all the worst factors of a troubled family: broken up; on relief; and then you qualified for public housing. So, naturally, what was going to happen? You could not concentrate families with all the conceivable problems a family could develop in one select area.

When I reached the Congress in 1962, after I was elected in 1961, I was assigned to housing. The first thing we tried to address was how could we catch up with this new development and not make what we called at that time public housing complexes, into concentration camps or reservations. Of course, that is still the challenge.

I want to salute you and thank you for being the first to implement programs in that direction through the available legislative programs and authority that you have. Also, when we go back in January we will select from the main comprehensive Housing Act those that we must reauthorize and those areas that you have immediate need for, such as your multifamily FHA and the other three. We are going to look at those and try to get them out as soon as possible as we did last summer.

In that area it became critical for us to get quick passage last summer of those four different items, especially the one where you were working out a program to have the benefit of the infusion of pension funds for the building and construction trade sector.

So all we can say is that we are grateful. We express our gratitude, not only for this community but for the Nation, for your willingness to work.

I was one of those that was delighted to see in the paper yesterday that you have decided you would not run for the U.S. Senate, but it was a mixed emotion because as a Democrat I was kind of torn between the two. Frankly, however, I am superbly delighted because this is a rare occasion that in the past 32 years or since 1965, where we have had that management, that executive joinder with the Congress.

Of course, it takes that to make our system work. The reason we have had trouble in the last two decades or more is that in our two main branches, the executive and legislative—at least when they

don't travel in the same direction—we have problems. You can have differences, if at least they are headed in the same direction.

I want to point out that this last session of the Congress was the first in 60 years that a President did not veto one act of Congress. That shows that you have a new spirit. I think that you, as a vital component of that administration, need our support and applause and certainly our cooperation.

I know there are always efforts to try to divide. Nothing is going to happen to do that. I have gone through that with other cases involving some colleagues. The record will show that those seeking for that effect who have no use for either one of us, are not going to succeed.

Let me say this. The reason I am asking now for questions and comment is because I know that you have a tight schedule and you may want to leave.

Secretary CISNEROS. Mr. Chairman, I look forward to hearing the other panelists. With your permission, I would like to stay through this panel. I will not make the later field hearing because I do have to go back to Washington to try to get in a few days' work before the holiday season.

Chairman GONZALEZ. I understand. Why don't we go ahead and hear the other witnesses.

Secretary CISNEROS. I am fine through the early afternoon.

Chairman GONZALEZ. Our next witness is Mr. Andrew W. Cameron, who is the director of the San Antonio Department of Housing and Community Development.

STATEMENT OF ANDREW W. CAMERON, DIRECTOR, CITY OF SAN ANTONIO, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Mr. CAMERON. Chairman Gonzalez, Congressman Rush, Secretary Cisneros, I am honored by your presence, and I acknowledge your concern for decent housing throughout San Antonio and the Nation.

As you are aware, San Antonio has benefited from such programs as CDBG, HOME, McKinney, and such administering entities as the Federal Highway Administration, the Urban Mass Transit Administration, as well as the U.S. military presence and a host of other programs administered by or through the Federal Government. For the purpose of this hearing, I will limit my comments to the Block Grant and the HOME Programs.

During the 19 years of the Community Development Block Grant Program, the city of San Antonio has received over \$366 million in CDBG and Jobs Bill Funds. The following represents a categorical breakdown of how those funds were allocated:

Housing was 30.5 percent, which represents about \$112 million. In the category of Capital Improvements about 52 percent of our funds, which represents about \$190 million. Neighborhood Revitalization is about 11 percent of our funds and \$39.9 million. Public Service, 3 percent of our funds, which represents about \$11 million. In the area of planning and administration, about 3.5 percent of our funds, which represents a little over \$13 million, for a total of \$366.9 million over the 19 years of community funding.

This represents a commendable and worthwhile investment in San Antonio's physical environment and human resources for which we are most grateful.

When the city of San Antonio was developing its first year's program almost 20 years ago, the issue of housing was identified as a category of major concern in the near east, south and west sides of the city.

Our planners also determined that, in many cases, despite the severely substandard living conditions in which San Antonio families existed, housing was not the primary issue. Rather, infrastructure was of primary concern because some sections of San Antonio's east side, south side, and west side were susceptible to severe flooding. Moreover, new residential development in these areas would be enormously damaged with the oncoming of a first rain.

Consequently, we implemented a CDBG-funded Capital Improvement Program in target areas, helping preserve existing residential development and supporting future residential redevelopment and revitalization. Through close working relationships with community organizations such as COPS, Metro Alliance, the Westend Neighborhood Association, as well as several others, we identified residential streets that required reconstruction in neighborhoods plagued with inadequate drainage. For the past 19 years, the city council has endeavored to address the street and drainage concerns of our inner city.

Mr. Chairman, I am sure you are aware of the transformation that has occurred as a direct result of the investment of Federal dollars in our Neighborhood Capital Improvements Program.

Today, flooding is no longer the primary issue in most of our disadvantaged neighborhoods. We are now attempting to address the issues of housing development, redevelopment, and neighborhood revitalization, with an important emphasis on infrastructure support.

Something must be done to encourage the development and maintenance of good quality, affordable housing throughout our city, with special efforts made to promote new residential development in target areas. The city council has requested the Housing Task Force to develop a recommendation for an incentive package for the development and maintenance of good quality, affordable housing.

The Housing Task Force and city staff are currently examining such important issues as the waiver of local development fees, housing enterprise zones, and the new concept of empowerment zones, all to encourage the development of low-cost housing.

Additionally, a layering system is being studied and discussed. Such system would include a tax phase-in option to provide additional incentives for development in target areas of San Antonio.

The city of San Antonio designated \$10 million in General Revenue Funds to create a Housing Trust Fund. Approximately, \$1 million is generated from such funds in interest income annually and used to enhance or complement our HUD-funded neighborhood revitalization strategies.

These are a few examples of how we are utilizing local resources to address housing concerns.

With HUD funds, we have developed a program for downpayment assistance to first-time homebuyers, which has proven to be an excellent vehicle for providing homeownership opportunities to families that are not in need of deep subsidy. We have formulated target area replacement housing programs that address the housing issues in severely blighted areas and that render crucial assistance for families in need of deep subsidies. We are using our HOME grants to fund neighborhood-based, nonprofit organizations to acquire vacant lots for the development of low-density infill housing in target areas.

Preservation of that portion of our existing housing stock that can be saved is also of great concern to us, because if not addressed, it will rapidly slip into a more severe stage of deterioration that is much more costly to correct. We have targeted CDBG funds to an Emergency Housing Repair Program which provides limited emergency assistance for homeowners to alleviate dangerous conditions and health hazards. We also have devised a CDBG-funded citywide Housing Rehabilitation Program, spending over \$1 million each year providing substantial rehabilitation assistance in an attempt to save our existing housing stock.

Our HOME funds are used to assist several minitarget areas, where a concentrated effort is being made to preserve our existing housing stock through substantial rehabilitation loans and grants. Both CDBG and HOME funds are being utilized to help community-based, nonprofit organizations acquire land for the purpose of building and, in one case, of financing the actual construction of multifamily senior citizen housing.

We fully realize, however, that all of our efforts to build or provide incentives to build, to rehabilitate housing, or provide incentives to rehabilitate housing, can be no more than short-term success unless we address those original issues that created the decline of our neighborhoods in the first place. We must help revitalize our inner-city neighborhoods, and we must provide the proper mix of revitalization strategies to get a healthy community pulse.

Community development corporations such as Avenida Guadalupe, the soon-to-be reestablished Eastside Community Development Corp., Neighborhood Housing Services, and Mainstreet Alliance provide valuable insight and sometimes a different perspective of the needs of our community. Their participation is essential to our efforts to revitalize the community fabric and rejuvenate the community spirit. Public services such as Medical Care, Recreation, and Day Care Programs, as well as Youth Initiative Programs that give our youth an alternative to the streets, which, in some instances, translate into part-time or summer employment, are absolute key ingredients to our CDBG-funded Neighborhood Revitalization strategies.

Mr. Chairman, I could continue, but I believe it is obvious that San Antonio has a well-balanced program and that a tremendous amount of progress has been made as a result of our partnership with HUD for the past 19 years.

But before my time expires there is one other issue I would like to address, one that concerns me, the city council, the city manager, and our citizens and which I am sure equally troubles you.

That is the issue of what has been reported in the inspector general's monitoring report regarding the San Antonio program.

Mr. Chairman, I believe it important to state that those issues cannot be accurately assessed in a vacuum. They must instead be assessed as they relate to each other.

Not much has been said recently about the progress we have made together during the past 19 years. All that I have read recently merely describes San Antonio as having a program and being in trouble.

Mr. Chairman, as you are well aware, our city suffered a multitude of problems and troubles related to the area of housing for quite some time. Because of San Antonio's successful relationship with HUD over the past 19 years, however, those problems and troubles are being directly addressed and greatly alleviated. I respectfully submit to you that San Antonio has worked diligently to address the expenditure issues that occurred because of our programmatic activities.

We have a concern, and we will need your assistance and, of course, the assistance of Secretary Cisneros to address it. That concern is our current drawdown rate. The inspector general's report stated that San Antonio is not spending money fast enough and that the balance in our Letter of Credit far exceeds that allowed by Federal policy.

First of all, I wish to explain why you find us in this position. As stated earlier, in an effort to address infrastructure issues in the inner city, to preserve existing housing stock and to make the inner city suitable for new development, we developed a very aggressive Capital Improvement Program. And, as stated earlier, over \$190 million have been allocated to San Antonio's Capital Improvement effort over the past 19 years.

As of November 1993, San Antonio has \$17.3 million over the maximum amount that HUD will allow unexpended in our Letter of Credit. Of that \$17.3 million, \$10 million is allocated to 115 Capital Improvement Projects that are currently under contract. The construction has begun, but funds cannot be expended until construction is completed and the city is invoiced.

As far as the city is concerned, that \$10 million is legally obligated by executed construction contracts and, for all practical purposes, spent. It is much like going to the supermarket and writing a check for one hundred dollars' worth of groceries. That \$100 will appear in your account for a few days after the check is written, but the money is actually spent and cannot be reallocated. Unfortunately, for San Antonio, those commitments or encumbered funds are not considered expended in the HUD formula for calculating the Letter of Credit balance.

There is at least another \$7 million of CDBG funds allocated to capital projects that are fully funded, that are needed, that are eligible for CDBG funding, that were requested by the citizenry but that cannot be constructed until some other activity is completed, such as: Acquisition of additional right of way; relocation of utilities; and the completion of a connecting project, such as a drainage outfall.

For these projects, the city manager is planning a major reprogramming package for late January 1994, which will redirect

HUD funds from projects not currently under contract and which cannot be implemented quickly to those endeavors that can be implemented this fiscal year. Consequently, HUD will not have to deobligate funds from San Antonio.

Last fiscal year, San Antonio spent almost \$17 million in CDBG funds. Last year's entitlement award was \$16,244,000. It appears that we don't really have an expenditure problem; we have a systematic problem. We need your assistance to solve this dilemma and the assistance of the Secretary.

I believe it is extremely important to briefly explain our current position. We have been funding capital projects with over 50 percent of our CDBG entitlement for 19 years, and our drawdown rate has only recently been an issue.

About 4 years ago, the Nation's cities, including San Antonio, were confronted with the possibility of severe budget reductions to domestic social programs, and the Block Grant was one of those programs targeted for major reductions. In response to the possibility of funding cuts and to ensure the implementation of our aggressive Capital Improvement Program, major capital projects essential to our revitalization strategy were fully funded. Staff has and will continue to make every effort to expedite the construction process, but some of the fully funded capital projects cannot begin until existing major drainage projects are completed. These are the projects that will be affected by the January reprogramming.

Mr. Chairman, there is definitely not a shortage of need in San Antonio. Last year, our CDBG Program budget was slightly under \$20 million. During the public hearing process, we received requests for over 150 million dollars' worth of projects to be funded through the Block Grant Program. It is also important to note that each and every CDBG-funded capital project on the list to be reprogrammed is a capital project that is important to one or more of our neighborhoods and one that will probably reappear on the list of HUD-funded projects in the near future.

Briefly, in closing, I want to state that the vast majority of our program efforts have been enormously successful. I look forward to a continued partnership with HUD and an opportunity for us to help each other improve and enhance our community revitalization efforts.

[The prepared statement of Mr. Cameron can be found in the appendix.]

Chairman GONZALEZ. Thank you, Mr. Cameron.

Let me announce that coffee and sweets have been provided by the Centro de Artes Merchants Association, courtesy of its president, Mr. Nick Venia.

We now recognize the director of the San Antonio Housing Authority. Over a period of a good many number of years he has worked most diligently through a very difficult time. What I find is that citizens don't realize what a director of the San Antonio Public Housing Authority has to do. He really has a sizable community, a total of how many citizens?

Mr. FLORES. Twenty-five thousand, sir.

Chairman GONZALEZ. That is a good-sized city in Texas. We don't look at it that way, but that is what the public housing authority represents in San Antonio.

Thank you, Mr. Flores, for being with us. We now recognize you.

**STATEMENT OF APOLONIO FLORES, EXECUTIVE DIRECTOR,
SAN ANTONIO HOUSING AUTHORITY**

Mr. FLORES. Thank you, Mr. Chairman. Secretary Cisneros, thank you for being here this morning.

As the chairman said, I am Apolonio Flores, executive director of the San Antonio Housing Authority.

Mr. Chairman, I thank you for many years of public service spent to improve housing conditions for lower income persons throughout the Nation. Even when publicly assisted housing was not a fashionable issue, you have been on the frontlines championing the preservation of existing, affordable housing and the creation of new affordable housing units.

We welcome Congressman Rush's support for this program.

In public housing, Mr. Chairman, your leadership is most evident throughout the years.

In San Antonio, as we said earlier, there are over 22,000 people that reside in public housing. Over half—11,562—of these residents are under age 18, with 4,952 residents under age 6.

As you said earlier, San Antonio constructed its first public housing development, Alazan-Apache Courts, in 1941. Currently, we own and manage 5,749 public housing units in 25 family developments, 2,181 units in 29 developments for senior citizens, and 165 scattered site houses for families. An additional 52-unit family development has been approved by HUD and will be constructed in the city's northwest sector.

The need for additional public housing units continues to grow. Presently, 6,656 households are on SAHA's waiting list for public housing.

I support you, Mr. Chairman, and your colleagues, in your efforts to obtain additional funding for public housing development. We applaud your recent efforts to defeat an attempt to replace already appropriated funds for public housing development with section 8 vouchers.

The increasing numbers of senior citizens has resulted in demand for additional public housing units for the senior citizens. Unfortunately, under the Public Housing Development Program, funds have only been available for development of family units. Additional senior citizens' public housing units are needed to meet the demands of a population with increasing numbers of senior citizens.

The Section 202 Program is the only other Federal program which provides funding for development of senior citizens housing. The Section 202 Program has produced much-needed senior citizens units, but the annual allocation for San Antonio does not meet the need. Furthermore, Congress should consider changing the section 202 regulations so that housing authorities are eligible sponsors of section 202 developments. Presently, public bodies such as SAHA are not eligible sponsors.

Mr. Chairman, we appreciate you and your colleagues' support for the authorization and appropriations for the Comprehensive Grant Program, which funds SAHA's public housing modernization. Under the Comprehensive Improvement Assistance Program, fund-

ing for public housing modernization was based on grantsmanship and politics and personalities. Most of the funds could only be used for emergency work items.

We gave you information for the last 5 years for funding. You can see, about \$33 million from 1987 to 1991—about \$24 million or 75 percent went to emergency work items which had priority, and only about 25 percent was for comprehensive modernization. So, basically, in all those years our need for modernization other than for emergency were ignored.

To accomplish the Grant Program we now have funding where we now receive about \$15 million annually. It has taken a lot of stress away from our operating budget. It was planned on a long-term basis, and we appreciate Secretary Cisneros' staff who have now put the money out. It used to take 1 year to 1½ years.

The Secretary mentioned the Urban Revitalization Demonstration Grant. We are very excited about that possibility. I think the things we will be able to do with that grant both at Spring View and the planning grant for Mirasol Homes will be great for public housing not only in San Antonio but what we can learn nationally about the things that we can do otherwise.

We have had some limited criticism in San Antonio about our URD, but, basically, it is the people who simply know how to divide. They simply take the amount of the grant and the number of units and say, how can you do that \$100,000 or \$120,000 per unit?

That is not, as the Secretary very well explained, what the purpose of the URD is. I think it means a lot of human needs that will be addressed and address not only the addition of the units or the construction of the housing units but the human needs, people, as we mentioned, that we do here that we will place in self-sufficiency. And we look forward to working with the Secretary and you and your colleagues on that program.

We hope that Congress will continue to fund that program. I think our needs here are great for that type of program.

You well know, Mr. Chairman, and the Secretary has acknowledged the importance of public housing as a resource for very low-income families. We always looked here in San Antonio at the ability and safety of our public housing developments.

In some instances, we may have had to do some density reductions. I share your views a few minutes ago and the Secretary apparently shares the same views that we must not lose any of those units.

We support the one-for-one replacement in any instances where there has to be some density reduction to improve the livability of our public housing units. The replacement housing must be there when we have to do some things for reduction where we have the large sites. There are instances, too, where we can do things in reconfiguration.

Unfortunately, in the legislation it does not provide for one-for-one replacement, so we lose units for reconfiguration. In areas where we need two- or four-bedroom places we can combine for a larger unit. We request that in your legislation that you require that we be funded on a one-for-one replacement for any unit reconfigured.

San Antonio, like many large metropolitan cities, also has not only distressed public housing developments but obsolete development.

You are acquainted with the Rex Apartments on the San Antonio River which were not constructed by the housing authority and is for senior citizens. It is about 15 buildings scattered on that site, a two-story walkup. They were not designed for senior citizens. It is not suitable for senior citizens. It is in poor physical condition and lacks the basics for senior citizens.

In a situation like that, we need to take a look at whether it is better to modernize the development as it is and still lack the amenities in it for the senior citizens or are we better off demolishing the project but building on the same site? I think it allows the San Antonio Housing Authority the opportunity to provide housing for low-income senior citizens right on the San Antonio River. It gives us the opportunity to continue that type of housing.

The other thing that you and your colleagues have done, Mr. Chairman, and Secretary Cisneros has supported, is the problems of mixed populations in our senior citizen developments. We look forward to implementing regulations.

We here in San Antonio think that there are other developments which could be age-appropriate housing. At the same time, we will work with the different agencies that support the special needs' population so we can continue to provide enhanced housing opportunities for the special needs' population.

Our Section 8 Assisted Housing Programs are very popular programs. They offer freedom of choice and provide to low-income Americans this opportunity. They can mainstream into different neighborhoods throughout the city. We currently are administering a contract for about 8,170 certificates and vouchers. We have not received much in the last 2 years in additional certificates and vouchers. Since 1988, the increase is 600 units or 7 percent of our allocation.

At the same time, the number of families on the waiting list doubled from 12,000 to 26,189 families. We have closed the waiting list because of the time it would take and the false hope it would give somebody who would apply. I strongly urge you to support the funding for the Section 8 Housing Program.

The numbers I gave you—if Mr. Cisneros were to give all his allocation to the city of San Antonio it would probably be about enough to help San Antonio, but then no other city in the country would be helped.

Our waiting list this year could use almost the entire national allocation. HUD is apparently working, as you are, Mr. Chairman, on the merger of the Section 8 Certificate and Voucher Programs. I think it is something that needs to be done by taking the best of two programs and creating one program.

Mr. Chairman, I share your concern for how much a low-income family should be allowed or forced to pay for rent. I think the 30 percent of income is a good standard.

At the same time, I think there are some instances where a family may want to pay an extra \$5 or \$10 of their rent bill so it might increase to 31 or 32 percent. However, I believe that if Congress will allow—if HUD will allow a family to pay more than 30 percent

of their income for rent we need to consider capping that perhaps at 35 percent.

At the same time, we need to assure that the local housing authority is the one that establishes the rent for the unit, not the landlord, because I think what you will find is that a landlord will automatically increase the rent up to the additional 5 percent or whatever they are allowed to charge.

We are experiencing a situation in San Antonio with our fair market rents.

Before I go into that, Mr. Chairman, I think you are concerned and working with your staff about how many people in San Antonio paid more than 35 percent of income for their rent. Our records show that only 13 percent or 128 paid more than 30 percent of their income for rent.

Our payment standard is the same as fair market rent in the Section 8 Program. We tried to work with residents to prevent their paying higher rents.

I started to say a few minutes ago about our fair market rent situation that you and your colleagues have been deluged by complaints throughout the country because of a reduction in fair market rents. Congress passed legislation recently that the President signed that freezes the administrative fee for those housing authorities that will experience a drop in their fair market rate for 1994. At the same time, it limited to 3.5 percent the freeze the housing authorities could get if a fair market rate were increased.

I don't argue with that legislation. However, it is a year too late for San Antonio. Our rents last year were what they were about 5 years ago. So our administrative fee was significantly reduced by about \$300,000 a year.

A few minutes ago I mentioned our section 8 vouchers. Most of those were for the Family Self-Sufficiency and the Operation Bootstrap Program which requires additional burdens on the housing authorities.

At the same time, we are losing an administration fee just in inflation alone. Our administrative expenses increase.

Now for 1994 our rent for a two-bedroom will go from \$473 in 1993 to \$504, but we will not be able to receive our administrative fee on that two-bedroom rent because of the 3.5 percent limitation that has been placed upon us. If we had received last year this same hold harmless for other housing authorities, that would be fine.

I think Congress and HUD need to take a look at an inequity that has been created for a housing authority such as ours.

Finally, on the Section 8 Program, and I thank the Secretary for working with labor unions on this program, we look forward to HUD-issued implementing legislation which you and your colleagues authorized 2 years ago where you created Section 8 Homeownership Programs using the Section 8 Program.

I think it would be an excellent thing that we can put together with the Family Self-Sufficiency Program. That could be an excellent headstart toward homeownership, and we look forward to the HUD-issued regulations for that legislation.

We appreciate the Secretary's comment and his decision on services or resident issues, particularly in the self-sufficiency ability

area. We look forward to working with him and his staff on that. We have been a very active housing authority in those areas. We have long had a Family Self-Sufficiency Program in San Antonio before it was formalized by Congress.

Our formal Family Self-Sufficiency Program today has 124 section 8 participants and public housing residents as well as our own voluntary basis. We are currently modernizing 96 units, and we are using the Family Self-Sufficiency Program. One hundred and fifty-six families are former Operation Bootstrap Program participants. It is a great program.

I think about 2 years ago you and your colleague authorized the family self-sufficiency coordinators, family service centers, and this year they were finally funded. We look forward to working with HUD in those appropriations.

Again, we are a supporter of the Family Self-Sufficiency Program. Upward mobility and self-sufficiency, I think, are greatly important.

When I became executive director of the San Antonio Housing Authority we didn't have much at that time. We made it a rule that all entry jobs in the housing authority will be filled only by public housing residents.

I am proud to tell you, Mr. Chairman, that about 30 percent of our staff are public housing residents today or when they started work were public housing residents. Their jobs range from maintenance helper to assistant manager. Their annual earnings are from \$13,453 to \$26,000 a year. We are very proud of that program. We recognize that when someone comes in as a maintenance helper or clerk typist that we do not want them to be that for the rest of their lives. So we immediately, as soon as they settle down in their initial job, start cross-training them.

We have also found recently that they also lack high school diplomas. They don't have a GED. So we have now started allowing them to attend GED classes so that they can progress, maybe not necessarily with the housing authority but maybe with private industry. We do not hold anybody with us from moving to private industry employment. That simply makes another opportunity for another public housing resident. But that has worked out very well.

We used JTPA. We trained people as secretaries earlier using our Modernization Program some years ago. The initial modernization work was a forced account. Unfortunately, people in HUD at that time discontinued it. We look forward to going back to providing employment for public housing residents who are working for the Modernization Program.

We have also created resident-owned businesses in San Antonio in grounds maintenance, particularly as we have been able to generate a lot of employment in that area. In fact, those business owners have created employment for about 35 more residents.

We are also looking at creating day care centers, in-home day care centers by the residents.

Also, a laundry facility has already been operated in one of our public housing developments by residents.

As most public housing authorities, we can pest control our units. We are looking at this time—working with the city's JTPA Program, the San Antonio college, to train a group of public housing

residents so they get licensed, and then we, in turn, contract with them to provide the pest control service.

So we do work very well with resident initiatives, particularly in providing self-sufficiency opportunities for our residents.

The RTC donated the San Antonio Housing Authority about 184 single family homes that had no net realizable value. When they made that determination, Mr. Chairman, they were serious. They really had no net realizable value. In effect, they are basically worthless. We were able to rehabilitate maybe 20, 25 percent of them.

We found youth in public housing and in the neighborhood around our public housing development that are involved in vocation education in their high schools, so we met with the San Antonio independent school district and were able to hire the vocational ed teachers to take the high school youth, use the San Antonio Housing Trust money, use the JTPA money and housing authority money to rehabilitate those single-family homes that the RTC donated to us. It was a very good program.

Those houses are now occupied by low-income families that used to live in public housing under a lease-purchase program. Those youth continue to work with us every summer in rehabilitating those houses. The program has been expanded to where they provide automobile maintenance and repair, lawn mower maintenance and repair services to us. They do welding for our dumpsters when they need to be repaired. They are fabricating our steel picket fencing that we will use as a privacy and security fence in our public housing developments. And I think that particular program will grow into a very nice youth employment program and, hopefully, will create some entrepreneurial spirit for the city of San Antonio and the country.

Child care services are critically needed in the Family Self-Sufficiency Program for the families in public housing. We currently have nine housing developments where we have child care, with a capacity of about 750 children.

This afternoon you will hear from Roger Caballero who heads the Victoria Courts Day Care Center. The other day care centers are by Parent/Child, Inc. You will also hear from Blanche Russ.

The Public Housing Drug Elimination Program is a very good program. It has relieved a lot of stress on our operating budget. It provides needed services. We heard from the Secretary about COMPAC. We will look forward to working with that program, and I think what HUD and Congress have done with the program is good.

One of the things that we will be working on with Secretary Cisneros and Joe Shuldiner, Assistant Secretary for Public and Indian Housing, is the space for community services for our public housing developments. HUD is still relying on the "Public Housing Modernization Standards Handbook" where it tells you how many square feet per unit you can have for a facility or for something else, and it is impossible to provide the needed support services in public housing if we are to be restricted in that manner. I think that from what I have seen of the Secretary's views what I have seen from the Assistant Secretary of Public and Indian Housing, there should be no problem in overcoming that obstacle.

Security for residents is also a critical need. I think our security for the senior citizens has been improved by the implementation of your legislation where we can allow live-in security personnel in public housing. What we have done, we have allowed a live-in security person, a law enforcement person, to live in our development rent free in return for the services. Unfortunately, the HUD administrative procedures want us to charge rent for that unit. The rent charged would go to HUD through the operating subsidy computations but also remove that unit for eligibility for operating subsidy.

It is somewhat of a double penalty to the housing authority. We are going to charge you rent to live in a public housing unit and demand, require you to pay or rather to provide security services, which—it doesn't balance. At the same time, we are going to give that rent back to HUD through the operating subsidy computations but not get any operating subsidy for that unit. I have no problem or no doubt in my mind that once we get this on the table for Mr. Shuldiner and Mr. Cisneros that they will correct that.

In the security area, we are working with the city and Southwestern Bell and the San Antonio Police Department with various programs. The most recent one is Cellular On Patrol, or COP, where we will be having classes and training for our public housing residents, and Southwestern Bell will provide the cellular telephones. And, in turn, we will start the Cellular On Patrol. The HUD reorganization or revitalization is important to the San Antonio Housing Authority and other housing authorities and local agencies, and we appreciate the Secretary's implementation of the HUD reorganization and reinvesting.

And, Mr. Chairman, I share your comments about Secretary Cisneros. I have been associated with HUD since I started working for them in 1970, and I often wonder if Henry Cisneros had been Secretary of HUD then where we would be today. I think he does an excellent job, and we look forward to working with him, and support his efforts in making HUD more custom-oriented, mission-driven. We are confident that he, the senior advisor and assistant for field management services, Mr. Frank Wing, his program secretaries, will achieve their goal of excellence in management. They will make HUD work better for the customer, and more effective and responsive.

As part of the reorganization of HUD one of the things that is facing the Secretary is the potential or the necessity to reduce their staff. I would like to offer one possibility that he could look at and that is the administration of section 8 contracts that HUD is directly doing today. If we look at the legislation, the legislation says that all section 8 existing housing programs should be administered by the local housing authority, unless the local housing authority declines or is troubled.

At the same time, we find the HUD field offices directly administering Section 8 Programs for loan management set-asides, for section 202 developments, and for section 8 new construction. It would seem that there would be considerable savings and effectiveness if HUD would allow the local housing authority to administer those programs. It would get excellent services in the eligibility determinations for participants and inspections of the units and in the monitoring of those units.

So we ask that Congress and HUD take a look at that possibility of allowing all the administration of the Section 8 Programs be done by the local housing authority. It is done today on a very limited basis in some instances.

The Resolution Trust Corporation, Mr. Chairman, you and your colleagues are to be commended for your leadership in enacting the Financial Institutions Reform, Recovery and Enforcement Act of 1989. With the strong participants in that program we have worked well with the RTC. We have acquired multifamily housing from the RTC as well as single-family housing.

Their requirement for occupancy is that 35 percent of the units be restricted to low-income renters; 20 percent to very low, 15 percent to low, and the rents not to exceed 30 percent of 50 percent of the HUD area median income for the very low families and not to exceed 30 percent of 65 percent of the HUD area median income. Obviously, rent must be paid, and the RTC properties do not provide rentals that are low enough or that are affordable to serve someone with AFDC, without section 8 assistance. It is a good program. It does not provide a deep subsidy. And we are doing well with it in San Antonio.

The Direct Sale Program, what the RTC uses today, is a great improvement for the RTC. As you know, Mr. Chairman, there were some excellent properties here in San Antonio and other parts of the country that were sold to the highest bidder in the initiation of the program. Local public agencies like the San Antonio Housing Authority and local nonprofits were left out of the program. We could not compete for those higher prices.

The Direct Sale Program, which now values the property on an income approach, which is what the bank would lend the housing authority to buy that piece of property, is an excellent manner in which to dispose of the properties for an affordable housing program, and it provides a good model for other Federal agencies to follow. We support those RTC efforts.

We have worked with HUD in disposition of HUD-owned properties, working with the Assistant Secretary for Housing now and coming up with some solutions as to how best to dispose of the HUD-owned multifamily properties and single-family properties. We bought two in San Antonio. We are currently in discussions with HUD to acquire three additional multifamily properties. We are using the RTC model in our negotiations with HUD, and they seem to be receptive to that model.

I think one of the things, Mr. Chairman, that needs to be looked at is that we seem to talk about preservation of units that are subsidized or that are occupied by low-income families, and I share your views and Mr. Cisneros' views in that the units should be preserved for continued occupancy by low-income families, but we also need to take a look at the other units or at the other properties, that we can create additional, affordable units by simply taking into the formula the rents that we are going to restrict and the occupancy that would be restricted similar to the RTC model. I find HUD receptive to that suggestion at this time, and we ask that you and your colleagues work with Secretary Cisneros in developing a disposition program that would be effective and efficient and would create and preserve affordable housing for low-income people.

We have done a lot of programs to provide affordable housing. As I said earlier, you would almost have to use the entire national allocation to take care of our needs today in San Antonio. We know that is not going to happen. We know we cannot depend on HUD for everything in San Antonio.

We have used the Low Income Housing Tax Credits, and thank you, Mr. Chairman and your colleagues, for the permanent extension of that program. That program will provide some much-needed housing in San Antonio. We are excited about the interest of banks and other corporations in working with us on the Low Income Housing Tax Credit.

That particular program, by the way, in the State of Texas carries a deep restriction where those properties must remain affordable for 40 years.

We have also worked with Mr. Cameron and the city of San Antonio, utilizing their HOME Program to provide additional affordable housing. We have reached out to the State when they have not been able to use their HOME allocation for all the nonparticipating jurisdiction. We have been successful in obtaining money from them.

What basically we do with Low Income Housing Tax Credits, the HOME and Housing Trust money, and any other place we can get it is layered resources. We know that low-income people in San Antonio can only afford a certain low rent, and we must provide more of these, hold the costs down to that level to where the bank will lend us, and we can carry that.

We have also received funding from the Federal Home Loan Bank Banking Program where they provided us grants in the Affordable Housing Program.

Again, Mr. Chairman, we try to do as much as we can with everything that we can find.

I gave you written comments, and this concludes my remarks for today. I appreciate the opportunity to tell you about the housing authority's experiences in providing affordable housing and resident services.

I would be happy to provide you with additional information on any of the topics I have addressed, and I would especially like to thank our staff—or my staff—for their hard work in assisting me in preparing these remarks and in working with your staff. I again thank you for your consideration of these remarks and for holding this hearing in San Antonio.

[The prepared statement of Mr. Flores can be found in the appendix.]

Chairman GONZALEZ. Thank you, Mr. Flores.

Let me say that the testimony that you have all presented us in writing will be placed in the record exactly as you gave it to us following your verbal testimony. In some cases you may wish to summarize or abbreviate the otherwise written presentation.

Miss Calderon.

STATEMENT OF LAURA A. CALDERON, EXECUTIVE DIRECTOR, PARTNERSHIP FOR HOPE

Ms. CALDERON. Good morning, Mr. Chairman, Congressman Rush. I am Laura Calderon, executive director of Partnership for Hope.

I would like to thank you, Mr. Chairman, and Congressman Rush for inviting me to provide testimony on behalf of our organization. Your leadership has had a profound positive effect on the lives of millions of Americans. Your stewardship is esteemed, and we will continue to look to you as a force in developing housing opportunities.

Partnership for Hope is a private, nonprofit organization funded by the Rockefeller Foundation. Our mission is to make the San Antonio community aware of the human and economic costs of poverty and to challenge our leaders to commit themselves to dramatically reduced poverty in this generation.

While our mission is broad, the activities which give life to our mission are specific. First, we undertake research that defines the type of poverty we experience in San Antonio. Next, we act as public policy advocates on issues related to poverty. And, finally, underscoring everything we do is our role as a community consensus builder. We are guided by the principle that in order to truly impact poverty, our community leaders must come to a consensus as to the causes and solutions to poverty and that this consensus must be fact-based and data-driven, hence our emphasis on research.

Today, I will provide testimony which will give you a context in which to assess the housing issues facing San Antonio. Additionally, Partnership for Hope recently released a study called "A Different American Dream: The Low-Income Housing Crisis in San Antonio" which I will summarize. The study describes low-income housing conditions on the basis of affordability, physical deficiencies, and overcrowdedness.

There is no doubt that our city is one of the most exciting cities in which to live. We have experienced unprecedented growth in the last two decades and, as we look to the future, anticipate reaping the benefits of changes in international as well as domestic policies.

We have all heard the saying that a rising tide lifts all boats, and if it were true our city would be devoid of many problems. The reality is that for many San Antonians poverty is a way of life. The 1990 census found 22.6 percent of all San Antonians living in poverty. This is an increase from the 20.9 percent found in the 1980 census. The figures are even more dramatic when we consider the growth in San Antonio's population over the decade. The increase in the poverty rate in 10 years represents an additional 45,873 persons in poverty. While the total population of the city grew 19.1 percent in the 1980's, the poverty population jumped by 28.4 percent.

Poverty does not strike all segments of our population equally. The poverty rate for San Antonio families is 18.7 percent. For those ages 65 and older, the rate is 19.1 percent. But the most shocking and disconcerting figure is the poverty rate for San Antonio children, persons under age 18, for whom the rate is 32.5 percent. Nearly one-third of all children in our city live in poverty.

A recent survey by Zero Population Growth called the Children's Stress Index took into account not just poverty conditions but other factors like overcrowded living conditions, unemployment, and crime and found that the San Antonio metropolitan area was among the worst 25 metro areas for children.

As is true in cities across the Nation, poverty in San Antonio strikes most fiercely at racial and ethnic minorities. The poverty rate for African-Americans is 30.3 percent and for Hispanics 30.8 percent. By comparison, among non-Hispanic whites, the poverty rate is 9.2 percent. Hispanics, who are slightly more than half of the city's population, are 75.8 percent of the city's poor.

Our affiliation with the Rockefeller Foundation has afforded Partnership for Hope the opportunity to work with the Urban Institute in Washington, DC. One product of this relationship with the Urban Institute has been our study, *Growth Without Prosperity*, which characterizes the type of poverty we experience in San Antonio. *Growth Without Prosperity* compared the 15 largest cities in the United States on a variety of socioeconomic factors.

Typically, when we think of poverty, we envision severe population loss, coupled with dramatic job losses. This is a scenario that generally has driven national urban policy. What we have in San Antonio is something of a paradox where we have extreme poverty occurring simultaneously with strong job and population growth.

Let me characterize this paradox more clearly by saying that, among the 15 largest U.S. cities, San Antonio's poverty rate is 22.6 percent, second only to Detroit's 32.4 percent. Our job growth has been unprecedented, while our population grew by 20 percent in the 1970's and 20 percent again in the 1980's. Yet, despite these booms, our poverty rate continued to increase. In fact, when the poverty rates and job and population growth rates of the 15 largest U.S. cities are juxtaposed, what you find is that San Antonio stands alone as the single big city experiencing both high poverty and high job and population growth.

Thus, the question to be asked is, why hasn't this rising tide of prosperity lifted all boats? Part of the answer is that this unusual type of growth is a product of a complex set of trends in population and economic growth in the human capital of our city's poverty population and in the approach taken to governance at local, regional and State levels.

Looking at San Antonio demographically, we find that San Antonio is very different, even from other cities with large Hispanic populations. First, our rapid population growth has not been a function of international immigration as it has been in cities like Miami and Los Angeles. San Antonio's foreign-born Hispanic population stands at 12 percent compared to Miami's 81 percent, and the overall national figure for foreign-born Hispanics at 28.6 percent. Our growth can be attributed to a fairly even distribution between domestic in-migration and natural increase.

Despite the fact that a comparatively small number of Hispanics in San Antonio are foreign born, English language proficiency is an issue in San Antonio. In 1990, with only 9 percent of the city's population being foreign born, almost one-fifth of all San Antonians indicated that they did not speak English very well and thus could be considered limited English proficient.

Our study also looked at concentrated poverty, meaning census tracts where 40 percent or more of the population is below poverty. Concentrated poverty is an important measure because the effects of poverty are thought to increase more than proportionally as the concentration of poor persons in a census tract grows. What we found was that Bexar County Hispanics made up 85 percent of the population living in concentrated poverty tracts, a share far higher than their share of the total population which is approximately 50 percent. By contrast, African-Americans constituted 9 percent of those in concentrated poverty tracts, a share somewhat higher than their 7 percent of the total population. So, in short, concentrated poverty in San Antonio—unlike almost every other large American city—is largely a Hispanic phenomenon.

San Antonio is also unique in the degree to which poverty is an experience of the working poor. In 1980, the last year for which data was available, the city ranked third at 19 percent among the 15 largest cities in the share of families in poverty with a householder working full time. Dallas ranked first, Houston second and Detroit last. If we look at underemployment, where labor market participants failed to earn at least poverty wages, of the 100 largest metropolitan areas, San Antonio had the second highest underemployment rate at 27 percent of the work force.

In terms of education, our share of the city's population over the age of 25 with less than a ninth grade education was the highest of the Nation's 15 largest cities, except for Los Angeles. San Antonio stands at 17 percent, Los Angeles at 18.4 percent. While the phenomenon in Los Angeles may be explained by recent international immigration, this is not the case for San Antonio.

While I have painted a serious and dire picture of conditions in our city, there is some good news. In terms of education, during the 1980's the percent of persons with less than a high school degree fell from 40 percent to 30 percent, and the percent of persons having some college rose from 60 percent to 70 percent.

The growth in the San Antonio economy also provides us with very good news. In 1992, San Antonio created more new jobs than any other city except for Minneapolis-Saint Paul and Atlanta. And these jobs, whether we analyze them by industrial or occupational sector, reflect a fairly even mix of low-, middle-, and high-wage jobs.

I have spent significant time painting a picture of poverty in San Antonio. It is important to understand the vast challenges that have played a role in mitigating even the best efforts of community groups and especially our past and present elected leaders as they have wrestled with growing socioeconomic problems, decreases in resources and, consequently, increasing housing needs. I want to acknowledge and commend them for their work. And yet, despite these best efforts, housing needs constitute a crisis situation.

Partnership for Hope recently released its housing study, "A Different American Dream: The Low-Income Housing Crisis in San Antonio." Our study is based on the American Housing Survey conducted by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development. The American Housing Survey provides data on housing conditions, specifically affordability,

overcrowdedness and physical deficiencies in 44 metropolitan areas.

Based on these comparisons, we find that nationally in the San Antonio metropolitan area we have one of the highest percentages of poor households living in overcrowded housing. We rank among the top four metro areas in the country.

We have the highest percentage of poor homeowners living in overcrowded housing.

We have the highest percentage of poor households living in physically deficient housing.

We have the highest percentage of poor homeowners living in physically deficient housing.

We rank among the top two cities with the highest percentage of poor renters in physically deficient housing.

We also have the highest percentage of poor Hispanic households living in physically deficient housing.

Sixty-eight percent of all poor households in the San Antonio metro area live in unaffordable housing. As dire as this may sound, we are slightly better off than the national average of 75 percent. In this respect we rank with the bottom 10 metro areas with the lowest percentage of poor households living in unaffordable housing.

When we look at who was affected, we found that physically deficient housing and overcrowded housing were much more common among poor African-Americans and especially poor Hispanic households than for poor white households.

Forty-nine percent of poor Hispanic households lived in physically deficient housing. In units with more than one physical deficiency, Hispanic households occupied 99 percent of the units. Only the rate of physically deficient housing for poor African American households, 35 percent, is comparable to the Hispanic figure of 49 percent.

Twenty-six percent of poor Hispanic households live in overcrowded housing. In comparison, only 16 percent of poor white housing units were physically deficient and just 3 percent were overcrowded.

The high cost of housing is more evenly distributed by ethnicity than other indicators of housing stress. Seventy-three percent of poor African-Americans, 64 percent poor whites, and 63 percent poor Hispanics occupied unaffordable housing.

The housing crisis in San Antonio also impacts families with children more than any other group. These families require more rooms, severely limiting their options. In all instances families that need more than two bedrooms encounter waiting periods from 6 months to several years in duration.

Homeless families with children also face similar barriers. Most emergency shelters separate children from their parents and spouses from each other.

In terms of homelessness, San Antonio's homeless population included more families, more employed individuals and mentally ill and fewer single men and substance abusers.

Now to conclude. Essentially, the majority of poor households in metropolitan San Antonio do not have affordable and decent shelter. The immense financial burden of these households forces them

to spend a large proportion of their income on housing that is in poor condition. These circumstances are part of the complex poverty that San Antonio experiences. San Antonio today provides a snapshot of what much of America will look like demographically, socially and economically in the next century.

I urge the subcommittee to look closely at San Antonio as you develop public policies to address housing and other urban issues. The traditional off-the-shelf, one-size-fits-all policies of the past will not adequately address our needs. Just as corporations have learned that flexibility to respond to market demands is key for success, our urban policies must also reflect and address the diversity that creates our community.

This concludes my comments. I would be happy to provide the subcommittee with copies of our study to assist in your work.

Again, I appreciate the opportunity to come before you. Thank you.

[The prepared statement of Ms. Calderon can be found in the appendix.]

Chairman GONZALEZ. Thank you very much, Ms. Calderon.

The next witness is Mr. Michael R. Goodwin, the former president of the Assisted Housing Management Association of South Texas.

STATEMENT OF MICHAEL R. GOODWIN, FORMER PRESIDENT, ASSISTED HOUSING MANAGEMENT ASSOCIATION OF SOUTH TEXAS

Mr. GOODWIN. Chairman Gonzalez, Congressman Rush, good morning.

I am pleased to have the opportunity to appear before you this morning on behalf of the Assisted Housing Management Association of South Texas. We are a not-for-profit organization that represents approximately 160 assisted housing properties throughout south Texas, plus an additional 34 owners and agents of this housing and 44 affiliated service providers that provide various goods and services to our organization and to our properties.

The charter for our organization includes to provide the management, agents, and owners, assistance in fulfilling their responsibilities to the residents of our assisted HUD housing in implementing the national program of providing decent housing and better communities for all. We pursue this charge through the work toward our national organization, the National Assisted Housing Management Association Program called Communities of Quality. I have taken the liberty of providing you with a handout that describes our Communities of Quality Program. I would like to include a portion of this handout for the record.

[The information referred to can be found in the appendix.]

Chairman Gonzalez, you, better than anyone, understand the need for low-income housing and the shortage of our national ability to meet this challenge.

In south Texas we have approximately 804 properties dedicated to low-income housing, of which it is split approximately 50 percent between private housing and public housing. Unitwise, about 53 percent of the units in south Texas are privately owned, low-income assisted housing. We have some 27,000 units throughout south

Texas, 13,000 of those located in San Antonio—I am sorry—about 8,000 in San Antonio. We have 24,000 units of public housing and about 4,100 units of the Farmers Home housing. When combined, this total comes up to 42,000 units of low-income housing in south Texas, and that sounds very impressive.

However, on the private side, our average waiting list is at least 1 year to have someone enter our Section 8 Assisted Housing Rental Assisted Housing Program. So we have a waiting list that far exceeds our availability to house people. The bulk of the housing that we represent is in the area of 20 years old. There is a major need to assure the preservation and the physical viability for the remainder of the economic life cycle of this housing.

We acknowledge that there are people—and there are many people—who believe that we should be building new housing, but we feel that there is an immediate critical need to preserve the existing stock. The preservation and the adequate funding of this existing stock is the most cost-effective means of assuring immediate units to house the people that need this housing.

Our preservation needs to address not just the physical side, however. We also need to address the environment in which our residents live. What we on the private side are asking is the financial commitment to the preservation of the existing housing through the renewal of the existing section 8 contracts that we administer, through the funding of adequate budgets to the Department of Housing and Urban Development and to the assured funding of the Title II and Title VI preservation programs over the long haul so that we can keep these units in service.

Historically, the more units that we have built for low-income families, the greater the demand has been for these units. We feel that to curtail this cycle what we need to do is to shut down the growth in the demand for assisted housing. In the real environment of the restricted budgets that we have to operate, we will never be able to build enough housing to meet the demand of those who need the housing. It is our belief that if we preserve the existing stock and preserve it properly, we can stem the demand and increasing demand for this type of housing.

We feel that there needs to be a national decision made that we are going to develop and maintain Communities of Quality. We hope and we feel that the Communities of Quality in this commitment has to be done in two areas.

First, much as an industry, we need to increase the velocity at which we move families through the existing housing stock and put them back into the mainstream of the economy and of the housing community.

Second, we feel that we have to develop and protect the environment in which the children in these communities develop. We need to foster their development into responsible adults who will obtain their own self-sufficiency and who are free of public assistance of any kind when they go into adulthood. Taking this direction is going to require the involvement of resources and services to the private and assisted community that have heretofore been unavailable.

As an example, one of the provisions that could significantly assist us in these goals is to provide a budget line item so that we

can use human resource coordinators to match the residents to the available services in the community. We need someone who does this full time. The country, in our belief, needs to change its focus from providing subsidized units to everyone who wants one to funding programs that will qualify those people who are in assisted housing to move out of assisted housing, and thereby we would open it up to the next individual or family who needs that shelter for a period of time until they can return to the mainstream.

If we don't take this tack, it is our feeling that we will develop an ever-increasing burden on the public assistance programs rather than moving people through them.

Directly related to these aspects, we ask your assistance in providing a drug-free housing environment in our assisted housing communities. Chairman Gonzalez, last year you participated in our effort, our voluntary outreach effort, when you graciously agreed to coauthor a letter of endorsement for one of our main programs which is our drug-free calendar poster contest for the children of our properties.

I want to emphasize, however, that the drug-free housing initiatives that we implement now are almost totally voluntary. They are done by donations from the owners and agents. They are done by donations of the surrounding community through our vendor and through the volunteer time of the staffs that we have on our properties.

For the last 3 years Congress has appropriated money for drug elimination grants. However, while the private assisted stock comprises almost 60 percent of the national low-income housing, we have received only 5 to 6 percent of the appropriated Drug Elimination Grant funds, so we are addressing half the population with only 5 percent of the funding availability. Based on this funding availability, the opportunity for an assisted housing community to obtain funding was somewhat less than 10 percent.

In addition, our local area office has no review or input to the process of awarding these grants but rather the grants are made on an administrative review of a written package at either the regional or the HUD central bases.

It is our understanding, Mr. Chairman, that as part of the reauthorization of the 1992 Housing bill that you are going to consider the COMPAC Program as an alternative to the Drug Elimination Grant. It was only through the extensive efforts and lobbying of our national organization that the assisted housing was even included in this grant. Originally it was designed for public housing only, which would have totally eliminated our funding.

We understand that, while we are authorized, the assisted housing authorization is only effective through fiscal year 1994. If COMPAC is approved—and we want you to know that we do support the COMPAC Program—we ask for your efforts and your assistance in retaining the eligibility of assisted housing in the out-years beyond fiscal year 1994 so that we can participate in these funds.

Generally speaking, we are working to develop an effective drug and crime prevention strategy in many of our communities. The assistance that we can get from COMPAC will be vital to the efforts that we will make in these areas. If for some reason COMPAC can-

not be authorized in the Congress, we ask for the continuation of the Drug Elimination Grant Program so that we will at least have that avenue to pursue the elimination of this problem in the properties.

We would also offer the suggestion and take the opportunity of Secretary Cisneros being here to recommend that the local area office have a participation because they are the people that have the firsthand knowledge of where those funds could be applied in our local community or in their area.

Implicit in my comments so far is that we do not consider assisted housing as the housing of last resort. We consider our housing as housing for persons who have a demonstrated need but who will also comply with their lease and who will use it as transitional housing as they strive to return to the economic and housing mainstream. We specifically exclude people from our housing who have demonstrated histories of criminal behavior, drug use and abuse, and those whose histories show that they will not comply with their leases. In short, people who will not take care of their unit, people who will not pay rent, people who will not respect the rights of their neighbors, and people who have histories which indicate they are a danger to their neighbors are generally excluded from the assisted housing community.

From a standpoint both in public and assisted housing, as distasteful as it may sound, there are those families and there are those individuals who will not be housed because they show they cannot live in harmony with their neighbors and in their community. Housing this population, in our view, is a direct conflict with the national goal of providing decent, sanitary, and safe housing to the people who are there.

The question needs to be addressed on the Federal level. Are we going to provide housing for everyone who wants it merely because they demand it or are we going to house those families and individuals who are going to make positive contributions to their community?

Soon, Mr. Chairman, you are going to be receiving a report from what we consider a very unique group, the HUD Occupancy Task Force. They held their first of many meetings in January. They have been working very hard throughout the year, and they have produced their preliminary report. Their charge was to provide sufficient guidance to the owners and managers of federally assisted housing, to help us do our job as well as to outline guidelines to HUD.

We feel that, in addition to the scope of the work that you gave them to do, their composition is unique in that it is comprised of people who represent almost every aspect of low-income housing throughout the country. I personally had the privilege of appearing before the task group when they were in San Antonio, and I have also had the opportunity to work on the NAHMA response to the preliminary draft of that group. I have been encouraged because there are many recommendations in that report that can be implemented immediately with little or no cost of regulation required.

On the second hand, I have been concerned in that several of the recommendations that come forth may very well be counterproductive to everyone concerned. It is my hope that they will iron

these problems out in their last few months of deliberation and that they will present to HUD and the Congress those recommendations that can immediately be put forward for implementation.

However, rather than dissolving the task force at that point, it is our recommendation that this unique group or some form of it should remain in action under the sponsorship of HUD to find solutions to those problems that were just too hard to solve in the short time that they have had to do their work.

One example is that we are charged to house families, yet there is no definition of family that I can recall in any of the regulation or law that governs our housing, and it is difficult to house someone when you have no definition of what you are supposed to do.

In advocating this position we also would like to make two points: We feel that new laws that are issued or new regulations should contain a statement of guiding principle against which all implementing regulations must be measured before they are put into effect. For example, we feel that one principle should be that no recommendation should be made, no law passed or regulation written without first answering the question how does this affect the children that are going to live in these properties.

Second, if the life of this task force is extended, we would hope that the representation would be altered. Unfortunately, it is over-represented in certain groups, and certain groups are totally ignored or were not represented. For example, single-parent households were underrepresented. There was no one that represented the children. And it is our feeling that we must bring these people into the mainstream and let them have their say.

When the task group reports to Congress we urge you to carefully consider the impact that it is going to have on low-income housing residents. We understand that there are groups, such as those that represent the homeless, those that represent people with prior addiction problems, and those that advocate for people with criminal histories or mental disabilities, who need an opportunity, and they need new opportunities, but mandating that this opportunity be offered in our multifamily projects with large populations of children must be weighed against the statistics on repeat offenders and on the potential impact that some of these populations will have on the children.

Again, assisted housing is not housing of last resort but rather transitional housing where we hope to provide a decent, safe, and sanitary environment while the family reestablishes its basis and moves back on into the mainstream of our economy.

Of a near equal concern is the declining ability of us, as assisted housing providers, to meet both our contractual obligation to an owner and the numerous and more complicated mandates that are coming from HUD. In the last several years, the shift of section 8 funding to the very low-income eligible person, the enactment of the Fair Housing Amendments Act, Federal preferences, and section 504 have brought about a change in our resident population where we are repositioned from housing moderate- to low-income families where we are predominantly in the business of housing very low-income families.

With this change it is fairly accurate to say that we are housing the 25 percent of the population that has 75 percent of the social and economic problems. Our staffs, while they are professional and designated housing providers, are not trained or equipped to respond to some of the problems that are now beginning to emerge. We need to be able to hire staffs who can recognize these problems and who can assist the residents and refer them to the proper sources to get the assistance they need.

AHMA South Texas is also concerned about the reported reduction in funding for HUD staffing. We are in a partnership with HUD, and any action that has a negative impact on HUD's ability to service our properties will have a negative impact on us and eventually the families that we house. We certainly applaud the efforts of the present administration to streamline the operations of the Department and to place the authority back to the local level where it can be effectively used.

We, obviously, have a very close tie to HUD and the efforts they are taking. I must confess, however, that for the past 2 to 3 years our membership has been in the minority in experiencing problems with HUD in their everyday business where it is reported in some areas that the local HUD office was an answering machine. Our business has been done. The San Antonio office, while subjected to the same shortages and heavy tasking as everyone else, has functioned. It is our opinion that, if not the best, the San Antonio office is probably one of the best area offices in the country as far as service to its constituents.

As a final comment I would like to leave you with three concepts that we hope can guide assisted housing and the regulations that we work on:

First, in the future any law, regulation, or program that affects housing providers, where possible, needs to be designed to increase the velocity with which families and individuals move through assisted housing, not stay there. Where we can, we have to encourage and provide incentives to our applicants and residents to learn to practice those attitudes and skills that will make it possible for them to become independent of any kind of public assistance.

Second, children are the largest single subgroup in assisted housing, and they are our most vulnerable and impressionable group. The laws and regulations which affect assisted housing must be evaluated in the terms of their impact on the children. We must answer whether this will add to or subtract from achieving the objective of these children who are going to grow up into adults who can resolve conflict in a nonviolent manner, who have a reasonable respect for authority and who will have the attitudes and skills to make themselves self-sufficient.

Third, in developing the laws and regulations and programs, we hope that nothing is put forward that does not address the source of the funding to carry it out. Passing an unfunded mandate will only create frustration and disillusionment because we don't have the ability to properly implement the program. In the assisted industry we have reached the point where the funding mechanism, by saying it is up to the owner to provide, can no longer work.

Mr. Chairman, again, in closing, I want to express my appreciation for the opportunity to appear and add a personal note that our

organization, AHMA South Texas, is one of the youngest but has made significant strides in representing assisted housing in south Texas. In recognition of our contribution over the last 2 to 3 years, the national association has asked to hold their summer business meeting in San Antonio in June 1994.

When combined with the outreach programs that we have been able to develop, we have developed for our south Texas area a scholarship program for five seniors living on our assisted housing property. In early January you are going to receive an invitation to join us in June at our meeting and present the first scholarship awards to the children that will receive them that come from our low-income properties. We certainly hope that you will be able to join us for that, sir.

I want to thank you for the opportunity to be here and will be happy to answer any questions that you may have about the assisted housing industry.

[The prepared statement of Mr. Goodwin can be found in the appendix.]

Chairman GONZALEZ. Thank you very much, Mr. Goodwin.

Miss Irma Mellon, the director of Social Services of The Salvation Army, will testify next.

STATEMENT OF IRMA MELLON, DIRECTOR OF SOCIAL SERVICES, THE SALVATION ARMY

Ms. MELLON. Good morning, Congressman Gonzalez, Congressman Rush, and Secretary Cisneros. Thank you for the opportunity to testify here today.

Of the 15 largest cities in the United States, San Antonio has the dubious honor of being the single city with high rates of both growth and poverty. The city ranks behind Detroit in percent of persons, 22.6 percent, living below Federal poverty levels—Partnership for Hope, April 1993.

Analysis of the 1990 census data further reveals that 6 percent of the total population is at 125 percent of the poverty level, placing an additional 60,292 people at risk of becoming homeless. Adequate income is often not available where there are multiple income providers or a single provider with multiple jobs.

According to the 1991 report entitled "Pride and Poverty: A Report on San Antonio," 76 percent of poor renters spent more than 30 percent of their income on housing, and 58 percent of poor homeowners spent more than 30 percent of their income on housing.

Poverty is a strong detriment to positive family development. Poverty tries the limits of the strongest individual and families. It can shatter those which have even minor dysfunctions. Each family or individual failure continues to perpetuate the negative cycles of predictable poverty, crime, stress, and low self-esteem.

The most pressing problem facing the poor is a lack of money to provide the basic necessities of life, such as food, clothing, shelter, and health care. Time and energy are most often focused on obtaining these necessities. Beyond food and clothing, many families are living in inadequate or crowded housing. These living conditions adversely affect the physical and emotional health of their inhabitants as well as eroding the strength and stability of a community.

Unfortunately, these statistics not only disclose the fact that San Antonio has a young, poorly educated population but also that economic conditions are such that poor people will and do experience serious problems in finding affordable housing or even maintaining the housing they have. The city is confronted with a critical lack of safe, decent, and affordable housing.

In its report entitled "A Different American Dream," Partnership for Hope documents the fact that in 1990 there were 52,700 low income renters and just 37,400 low rental units in the metro area, a shortage of 15,300.

Such an environment creates a community ripe with individuals and families who are homeless or at risk of being homeless. Currently, over 32,000 persons are on the combined city and county section 8 housing list with a 3-year waiting period. According to the 1993 U.S. Conference of Mayors Report on Hunger and Homelessness in American cities, San Antonio has an estimated homeless population of 10,683. San Antonio's homeless population figures jumped 29 percent in 1992 and continues to climb today, 25 percent in 1993.

Of the homeless population, 65 percent are homeless families with children, and 49 percent of the homeless families are now two-parent households. A year ago, the percentage of two-parent families stood at 20 percent. Today it is at 49 percent. This dramatic shift further documents the severity of the homeless crisis in this community.

A slow recovering economy, lack of jobs, fixed or inadequate income, inadequate or unaffordable housing, and disaster situations cause increasing numbers of San Antonio area individuals and families to find themselves in crisis situations. Family disintegration, family violence, lack of support systems, and inadequate coping skills cause high stress or transiency in those attempting to cope with such crisis. Emergency needs such as food, clothing and shelter and other material assistance are outcomes of crisis which require immediate solutions so that persons affected can maintain daily living while waiting to secure stable resources. These needs may be acute, resulting from random, one-time catastrophic incidents or may be chronic, occurring in weekly, monthly or longer cycles and are not limited to any one age, gender, or ethnic group.

Community responses in addressing housing and homeless issues vary by locality and subpopulation groups served. The approaches that are achieving the highest degree of success are those that have combined housing programs with support services. These approaches address specific needs and incorporate strategies that assist people in reestablishing support systems. The ability of such programs to address the most fundamental need of regaining a sense of self-worth is the key to ensuring the success of any program.

Housing programs cannot stand alone. They must be developed with accompanying short- and long-term housing and support service strategies. Programs that offer employment training or educational opportunities experience lower recidivism rates than those that do not.

Effective Federal Government responses must be based on one fundamental belief: That is that safe, decent, and affordable hous-

ing is a basic right of every person in the United States. Based on this premise, the Federal Government needs to respond to and not be reactive in addressing social problems or issues. Foremost, prevention is the most critical element in addressing the problem of homelessness. The Federal Government must respect the fact that every community has the responsibility for and right to determine its own response in addressing housing and homelessness in its own community.

More importantly, policy and decisionmakers need to understand the choice of funding costs of a service and funding the hidden cost of being without the service.

Due to the Federal Government's resources, regulatory powers, and ability to reorganize its own bureaucracy, it can effectively ensure the necessary coordination of housing and support services.

First, the Federal Government must substantially increase its own investment to expand the supply of affordable housing. It can and should utilize Federal regulatory powers to support, encourage, and require local and State governments to invest their own resources in affordable housing and homeless initiatives. The Federal Government should support local units of government's use of regulatory powers in zoning, code enforcement, and residential demolition control to preserve inner-city housing stock.

Clearly, no community welcomes being regulated by the Federal Government. However, homeless people confront many of the same barriers faced by people of color during the peak of the Civil Rights era, thus requiring Federal intervention. Improved coordination in the application, reporting and evaluation processes of various Federal homeless assistance programs will lessen this tension.

More specifically, Federal departments can and should develop appropriate coordinated programs that target specific subgroups and include both housing and support services. These programs should not be fragmented by burdensome application processes.

In establishing priorities, the Federal Government should establish short- and long-term goals. Some examples are as follows:

Under short term, fund programs that offer assistance to people on the verge of homelessness, emergency assistance, and support mechanisms to ensure housing stability.

Ensure that lending institutions offer low-interest home improvement loans to homeowners for maintaining and upgrading property values, thereby decreasing the incidence of substandard living conditions.

Ensure that Federal housing standards are adhered to. Communities should be required to conduct periodic testing of lending institutions, mortgage companies, housing providers, and so forth, with penalties for both units of local government who fail to provide the testing requirements as well as penalties for those who fail to meet a fair housing standard.

Prioritize the disposition of publicly owned property for the development of affordable housing, and homeless projects. Transfer of this property to developers for affordable housing production should be federally subsidized as an incentive to ensure its development.

The Federal Government should more effectively monitor the use of Community Development Block Grant funds to ensure that these funds are used for low- and moderate-income housing development.

The Community Reinvestment Act should place a higher emphasis on banks' financing of local affordable housing initiatives.

The Federal Government should require that cities deriving income from the previously funded Urban Development Action Grants that in turn loaned private developers funds for commercial, residential, or industrial projects utilize this income for affordable housing development.

Under long term, and as Secretary Cisneros said earlier, to reestablish the transitional nature of public housing, to use it as a stepping stone.

Formulate housing policies that create the mechanism so that families can progress more easily from public housing to permanent residence.

Require that States develop an aggressive economic development plan that secures industries with a long-term commitment to communities that will offer better paying jobs rather than service-oriented businesses.

America's response to its own housing and homeless crisis requires that it prioritize the use of its resources. This is a shared responsibility, including Federal, State, and local governments, as well as the private business and public sector communities.

America's response must be sensitive to its own cultural, economic, and social diversity. As an American society, it is the community's responsibility to become more involved in identifying the problems and their solutions.

The analysis offered by many scholars, economists, and other academics illustrates that because the United States ignores this issue, it now is confronted with a major social and economic crisis.

If America continues to ignore the accelerating rate of growth among the homeless population, it will be confronted with the following: A smaller number of income producers to provide necessary support, tax base; a growing dependency on social programs that can eliminate the independence that Americans prefer; an increased stress in American families that can disrupt family lives and ties; and a need to allocate sufficient resources to care for a diverse and heterogeneous population.

As a pioneer in working with homeless people, the Salvation Army and other providers have a proven record of efficiency, effectiveness, and compassion in working with people that largely had gone unnoticed until homelessness landed at the doorstep of American cities. It is the local government's responsibility to facilitate the process to access a cumbersome Federal bureaucracy that not only brings resources, but accompanying red tape. The local government's role should be focused on the provision of technical assistance to community-based organizations and the administrative management of Federal funds.

It is the community organizations who should be charged with focusing their efforts on service delivery and supported by local government efforts. In San Antonio, the city government has taken a proactive role in addressing the problem of homelessness and serves as a model for other units of local government. The city has utilized local and Federal funds in establishing the San Antonio Metropolitan Ministry Shelter and the Dwyer Avenue Center as well as provided funding to the Battered Women's Shelter. The

partnerships the city has helped establish have continued to thrive because of the community's commitment to a cooperative strategy.

I would like to recognize the 651st Combat Squadron, Sgt. Michael Brookshire and Staff Sgt. Edward Flores, who provided maintenance for the Dwyer Avenue Center.

The fact that the city government is not only involved in the capacity building of community-based organizations, but also as a service provider located within area shelters, speaks to this community's shared response in coordinating limited resources.

The local community response must embrace the need to bring down barriers that are a deterrent to collaborative strategies that prioritize needs, maximize the utilization of limited resources, and establishes partnerships with the people being served. The use and accessibility of resources can be hampered by the institutionalization of the community's response to homelessness.

A continuum of care plan must include strategies that incorporate the need for emergency and transitional services, and offers a permanent solution that is sensitive to the particular needs of the homeless population subgroups. This plan must also include a critical element often not included, a prevention mechanism.

As cited in the Beyond McKinney report, these prevention strategies ". . . must address the shortage of affordable housing, inadequacy of income to meet basic needs, the lack of basic social services and the political disenfranchisement of homeless people." This community can accomplish this if it takes the recommendations of the Beyond McKinney report and locally implements them. The following policies should be adopted:

(1) Provide subsidies to make existing housing affordable, and create additional affordable housing through rehabilitation, including renovation of vacant, government-owned property, and where needed, new construction; and,

(2) Ensure that working people can earn enough to meet basic needs and have access to jobs and job training, and provide adequate income assistance to those not able to work; and,

(3) Ensure adequate social services, including health care, child care, mental health care, and treatment for substance abuse; and,

(4) Prohibit laws that discriminate against homeless people and laws that target housing, services, and other programs to assist homeless people.

These recommendations are based on a conscious effort to work to end homelessness and the need for emergency services. However, until these are fully adopted and implemented, emergency services should be continued. These policies are not intended to eliminate emergency services, but rather the need for them.

In conclusion, the development of a continuum of care strategy must embrace a basic concept that respects a person's right to self-determination and self-rule and recognizes an individual's capabilities. The lack of safe, decent, and affordable housing is unacceptable not only in this community but any community. This community must have the courage to wake up and recognize that the American Dream has become a living nightmare and take whatever action necessary to end homelessness.

[The prepared statement of Ms. Mellon can be found in the appendix.]

Chairman GONZALEZ. Thank you, Ms. Mellon.
Miss Hall.

STATEMENT OF RAYE HALL, CHIEF EXECUTIVE OFFICER, THE HOUSE OF HOPE

Ms. HALL. First, I would like to thank you for allowing me to participate in a panel of so many professionals and elected officials and certainly someone appointed by our President. For me to be sitting on a panel with those type people makes me real nervous.

Chairman GONZALEZ. I don't see why. I thought you qualified as an expert.

Ms. HALL. Thank you. When I got to the building this morning I was a nervous wreck. I had to have someone drive me because I knew I had to prepare a speech and I was not sure I could do it. This is the second time I have been in this building. The first time was to accept an award from HUD for outstanding performance.

Today, when I got here I was so nervous I could not find the ladies' room. I started down the hall here. When I started down that hall I met a friend who gave me a very warm welcome. It was Congressman Henry B. Gonzalez. I didn't need a tranquilizer anymore because I knew I just had to tell him what my problems were.

I am going to lay aside the prepared testimony. I am not talking to strangers. I am talking to friends.

Chairman GONZALEZ. It will be printed in the record.

Ms. HALL. This is the paper I had for my speech, but a lot of what I had in here to summarize has already been said. I am not going to give you more figures. You have heard some. I will tell you what our problems are. I will give you our problem and you will give me the solution. That is how much faith I have in you and your subcommittee.

The first thing I would like to say is I will operate in this panel like I have always done in San Antonio. We are a HUD homeless program. We have 25 properties. Twenty-three are houses and two are four-plex that we have giving us 8 one-bedroom apartments.

The House of Hope has been in business for 4 years. We could have folded some time ago because it is an impossible job. Then I called someone, Elva Garcia here in the local office in San Antonio. After I talked with Elva for a few minutes she would give me the courage to go on. I think this is outstanding for any person, but it is outstanding for HUD.

Then I realized that someone who had been very supportive of people that I am housing had now gone to Washington, DC with the President, Henry Cisneros. So I now have two friends in high places. I knew I was a winner from the very get go. We house handicapped, disabled, and people with the AIDS virus. Seventy-five percent of my clients are people with the AIDS virus and their family members.

The House of Hope has 117 people who would be homeless this morning if our program did not exist, 88 adults and 29 children. Of these 88 adults, 59 of them have full-blown AIDS.

Can you see the problem I am dealing with? Fifty-nine people who are living with a clock ticking their life away. Of the 29 children, 4 of them have full-blown AIDS.

I have not included HIV positive people because you can be HIV positive for much longer than you can be with full-blown AIDS. This is a very difficult homeless population with special needs. It is difficult to place them with other programs. So you can see we are definitely a very needed service here in San Antonio.

Some of the special needs that they have are home health care and homemaker service, care providers. This takes money. But it still costs less than hospitalization. Most of these clients are on Medicaid so we are already paying for the hospitalization with taxpayers' money and it will cost much less to keep them in a home and it will allow them to live with their family, a dignified life like you and I live.

We need funding at the local level. We tried to meet with our mayor, and so far we have not been successful in getting an appointment. We have met with HUD at the local level about our tax problem. That is our biggest problem. We feel that HUD should go to the local government to seek a tax abatement for the properties used in the Homeless Program because all the agencies that use the homes are 501(c)3 nonprofits.

This will also help with the NIMBY, not in my backyard syndrome. If the properties were not identified as to which property had been leased to which program, then they would just be labeled HUD homeless programs. If I go to the city council here in San Antonio and ask for a tax abatement and have to give the addresses in the office, look out for what will happen to HUD programs. We don't need that. We don't need the danger to the clients in the houses once they are identified.

We have had realtors who have gone to HUD to complain about the properties we have leased, that they would bring AIDS into the neighborhoods. This NIMBY is a terrible problem for handicapped and disabled people. Right now we have to compete on a national level, which is very difficult for a small agency.

In the last funding period HUD received about 1,300 applications. Only 434 were funded and only one of those in San Antonio. The Salvation Army is a wonderful outfit, but it is also a national organization with grant writers. So you can see how slim is the chance of a small agency getting a Federal grant when we have to compete on a national level.

The top priority for the House of Hope is the Tax bill. If we can get some relief for our taxes we can survive.

The second priority is more supportive services for health problems that I have told you about. I was shocked to read Congressman Gonzalez' letter saying we are number two on the poverty level. This is a beautiful city and we should be ashamed and do something about it.

We have about 8,000 homeless people in San Antonio. To be homeless is the result of a problem. If we simply provide shelter and do nothing or very little to solve the problem that caused the person or the family to become homeless in the first place, we are spinning our wheels and wasting taxpayers' money and we know you don't want taxpayers' money wasted.

Hopefully, this subcommittee will be instrumental in finding solutions. If the solutions are not found, the homeless population will

increase. Do we want to be known as the leading city in homeless people? In other words, let's do something and let's do it now.

Thank you very much.

[The prepared statement of Ms. Raye Hall can be found in the appendix.]

Chairman GONZALEZ. Thank you very much, Ms. Hall.

Mr. CORTEZ. Mr. Chairman, I live in low-income housing. I have had problems before. I don't see any people, residents.

Chairman GONZALEZ. What is your name?

Mr. CORTEZ. My name is Jesse Cortez. I live in San Antonio.

Chairman GONZALEZ. I will ask you to wait until we finish with the panel and then we will recognize you. At this point we want to be sure that we finish with the ordered business of the day.

I did want to note the presence and recognize Mr. M. Winston Morton, who more than any one person I know of as an administrator has really changed the profile of San Antonio.

When I was on the city council, and that was 40 years ago, in fact May 1 was exactly 40 years that I was sworn in in 1953, Mr. Winston Morton was on the Planning Commission. He was working with the city in his capacity there and then came the rule that created one of the most turbulent periods of the municipal history, Mr. Secretary. He then was assigned to the Planning Commission.

We had some members of that first council to which I was elected who felt that the planning department should be eliminated because they were socialistic. They pointed at Houston and said look, Houston doesn't have anything like that. I would point out that it was an integral part of the city charter, the fundamental law of the city and that they would have to have a charter election to eliminate it.

Mr. Morton then came North and soon we saw him before the city council meetings discussing the recommendations for action on zoning and whatnot from the Planning Commission. Well, the rest is history. He soon headed the commission. He did an outstanding job as soon as that city manager, Mathews, came aboard and recognized his talents.

Then we had the Urban Renewal Program, at that time at the Federal level, that led to the San Antonio Development Agency. Mr. Winston Morton was there in the beginning. He moved from the Planning Commission over to the development agency. When Hemisphere came, we would not have succeeded in doing what we did, first diverting funds. We did some things that the statutes said we were not supposed to do.

For instance, we used everything from the Small Business Administration funds to Urban Renewal funds. We had had the help of the Commissioner of Urban Renewal who put an unheard of raise in escrow, \$14 million and then later \$12 million more which led to the construction of this market.

We used that funding. Remember, this was before we had HUD. We used that funding and then very imaginatively Mr. Morton advised the city planner who then used the funds to divert the channel of the San Antonio River, as we call it, into the convention grounds. These various sources of funds were combined with some agency funds from the predecessor agency of the Economic Development Agency as it is known now.

So he has been in the forefront. He is one who made the most exemplary and successful programs in the rehabilitation of entire communities in housing on the west side in section 312.

I just don't have enough words with which to praise and recognize the tremendous contribution this public servant has given. He recently retired. I am going to ask him to stand and ask him if he has any words for the record.

Mr. MORTON. Thank you, Mr. Chairman. I don't have anything to contribute. I think your panel are the experts. I am retiring from the agency, as you know. But I hope to keep active in the community, sir.

Chairman GONZALEZ. Thank you, Mr. Morton. I know your expertise. If during the course of this hearing, at which you have been since the beginning, you feel you would like to submit some written testimony, we will be delighted to receive it and make it an integral part of the transcript of this hearing.

We are also very fortunate to have a representative from the regional office in Dallas of Fannie Mae, Mr. Art Navarro. Also, if you have any remarks you wish to make at this time, please go ahead.

Mr. NAVARRO. Not at this time, thank you very much.

Chairman GONZALEZ. We will proceed with the question period because I want to give Congressman Rush his opportunity. I will submit some questions in writing.

I had one or two that I might ask now, for instance, and if you have it on the top of your head, fine; if not, you may answer for the record.

What is the average size of the apartment in public housing, in the orthodox public housing?

Mr. FLORES. I think there the one-bedrooms are 500 square feet and they run up to 800 or 900 for the two-bedrooms. We can get you that more specifically.

[The information referred to can be found in the appendix.]

Chairman GONZALEZ. If you can get us the average room size of your developments, I will appreciate it. You might go beyond the orthodox public housing and the vast array or corollary of public housing now available.

Ms. Mellon and Mr. Cameron, I think the questions I would have had you have already addressed. I am familiar with the report that has been published. I received a copy of it. I have a copy of the studies that we mandated some time ago through the Census Bureau, which are actually paid for by HUD, or at least they used to be.

It was your analysis that has been the most helpful, as well as yours, Ms. Mellon.

I wanted to recognize the 651st Combat Squadron. I would like for them to stand up and be recognized. Thank you very much for your help to the Salvation Army. The Salvation Army nationwide, in fact, in our hearings in the District of Columbia it had always been present, particularly in the case of homelessness.

I also want to tie in some historical facts. First, if we don't know or don't want to know where we are coming from, how in the world can we ever figure out where we want to go. Now, if we don't know where we want to go, then, of course, any road will take us there.

In other words, you can take any road and it will get you where you want to go, if you don't know where you want to go.

In this case I feel compelled to move toward justice on behalf of myself and several others, some of whom have died since then. Mr. McKinney, for instance, was the only minority member on our committee that would vote with us on the critical issues such as the first attempts to address homelessness.

In all fairness to us, we saw it coming. I think I was the first. In fact, the committee, as I said in Houston the day before yesterday, was the first one to bring national attention to what later became the homelessness crisis. That was December 15, 1982.

The reason for it was that year we began to have the first manifestations that I had seen. I am a Depression era kid, but I had not seen this form of poverty or homelessness. When people talk about violence I remember Ghandi's observation that the worst form of violence is poverty. When you look at it, it is. It is the worst form of violence. When we prescribe poverty to a fellow human we are doing the worst violence we could do to a human short of assassinating him.

Poverty has been a problem all along, but coming from San Antonio, having served on the city council is a great privilege in a democracy, I was able to work toward reducing poverty.

I might say that is the only ambition I ever had was to be on the council. Once I discovered I was going to be in political office, I had not intended it, I discovered that this was the field which made me happy, what I called legislative advocacy. I discovered that sitting on the city council allowed me to advocate as I saw fit.

San Antonio was still afflicted. For instance, less than a quarter mile away, we had citizens drinking water from barrels they would buy at 40 and 50 cents.

The City Water Board, then constituted as the City Public Service Board is still constituted, as a self-perpetuating board. Even though it was called the City Water Board, it was the legal picture. People had no control over it. It was based on an indenture going back to 1945.

So I proposed the horrendous principle that something ought to be done about it. We could not get audits. The Federal Reserve said it was beyond our prerogative. One thing that helped me was that I had studied law. I knew that public utility rates were the exclusive responsibility of the local legislative body and could not be delegated.

The day we were sworn in on May 1, 1953, we were faced with a full-page ad in the then two newspapers in the city announcing new water rates that ranged all the way from 36.6 percent for the 3/4-inch pipe. About 92,000 consumers were affected. For the average water user, it was a 6-percent increase for the 6-inch pipes used by the hotels and the private folks who had their wells.

I thought that was wrong. Knowing the basic public utilities were fair return on fair value based on a rate structure analysis, I asked them why there was an increase. They said this is the rate and it is going to be effective on June 1. In knowing the city charter, which I read every night before our Thursday meeting, I memorized it practically, I knew that the city council did have a responsibility and they could not force it. Anyway, to make a long

story short, I was told that the city council had no alternative but to approve the increase.

After I raised the question, if the previous city council approved these rates, they said, of course not. They were just announced. I said they are not valid because the law says only the city local legislative body could set rates. They went on ahead and voted 8 to 1. When the bills came later that month there was such an uproar that the then chairman of the City Water Board called the mayor and said I think we ought to have a public hearing because we have had an average of, I forget how many hundred calls a day protesting. So we had a public hearing.

They said, well, we have always done it this way. To make a long story short, I raised objections. I said that any citizen paying on the basis of that rate was entitled to deduct. He would not be knowledgeable because the city had never set up since the first city manager that section which is still in the charter providing for a public utility regulator.

The trouble was that the director of public utilities was answerable to the council directly and was supposed, under the charter, to give a report or audit of every public utility to the council annually. So naturally city managers were not fond of it because that man was supposed to report to the city council, but the city council was not very much interested. Finally, we had an uproar. When the citizens began to question the raise in the rates, the Water Board requested another session with the council and announced a reduction in prices.

I still said it was wrong. Well, we could not do much. I asked for an audit. They said we have an audit that we will give you if you want. I said, no, that is not what I am seeking; therefore, we did not get anyplace that year or the following year.

Then, in 1955 with the new council I was able to convince them to hire an independent CPA, Roy Polk. He went over and obtained the audit. Once he had the audit, I was able to obtain the information I needed. There was one line item that said \$2½ million in unbonded indebtedness. Now, what does that mean?

Well, what it turned out to be was this: The City Water Board was interchangeable with the board of the Gross National Bank, which was a depository for the City Water Board.

In other words, the chairman of the Water Board was also a member of the board of the Gross National Bank. What happened, as I unraveled it, was that they had worked up a bargain. There were a select number of builders who, after the war, had to build homes. The city had to find a place for those homes and they did. But the water board did not have money to extend water mains. So these select builders, and there were only three, were given that opportunity, but mostly two did it.

They would say, all right, Mr. Water Board, we will extend it at our cost provided you give us a note saying that when and if funds are available you will repay us.

They didn't have the \$250,000 in one case to extend over the north side. So what they did, they got that promise, went to the Gross National Bank, deducted \$250,000 and then extended the main. Then each home buyer was charged a per capita cost for that extension.

On top of that, the Water Board would reimburse that money to the builder at the first available opportunity. I didn't want to make a big scandal. On the contrary, I wanted to correct this. So I asked that two things be done: One, that the city council, on the basis of the audit, institute and devise a way of reforming the City Water Board and; two, that the City Water Board be elected by the people. The majority of the council would not go along with my second proposition so we finally opted in 1956 for an election to change the charter and provide for a council-appointed water board.

In less than a year's time after that first council-appointed water board, you had all these private water companies bought and mains extended and you got rid of that problem. So I have been through all of this.

When we come to these problems, poverty is economic. Impoverished people cannot do much about affordable housing much less ownership. They can't do much about supplying the needs for their children to be able to put them in and keep them in school. So on the city council I proposed two plans.

One plan was to address San Antonio's high rate of illiteracy. I thought it would be a good idea if the city could, through the full faith and credit, raise about \$75,000 to be used in conjunction with the San Antonio public school system. At that time, the main educational activity in the city was in the public schools and I wanted to use those school buildings that lay empty during the summer or after school for the purposes of educating adults and what we now call dropouts.

It was denounced immediately by the superintendent of public schools who, as a politician, was trying to get the city, the San Antonio Public School Board, politicized. I had no support and everybody said where are you going to get \$75,000. I thought we could use that tremendous reservoir of retirees we have in this country, who are highly trained and highly educated and for minimal cost, would be able to be the instructors.

The other was sort of a park enhancement program through the use of youth work, which would be something like a local CCC. Of course, that didn't work out. Then, I went to the State Senate. At that time, 1957, the whole budget for the whole State park system was \$250,000. San Antonio had \$2½ million for its city public system in 1957.

So I then proposed that we establish through the full faith and credit of the State of Texas the Texas Youth Commission, and utilize unemployed youth by employing them in our State public parks. Well, we got nowhere.

Then I was elected to Congress. Lo and behold, I find that Senator Hubert Humphrey had Senate bill 1, the National Youth Conservation Commission. So I went over and met him and asked his permission to use it in the House and I did. We could not get anyplace until 1964 and the Economic Opportunity Act.

In that act you will find Title VII and a host of things under there, but among them was the community action plan. That was a phrase which I phrased and insisted on using. Senator Hubert Humphrey was in absolute agreement. We could not fund, however, what we had visualized as the National Youth Conservation Com-

mission, but we did the next thing by creating a Neighborhood Word Study Program.

In San Antonio, we had a dropout rate among Hispanics. The 1950 census will show you that San Antonio's 14-year-old Hispanic surnamed male had an average educational attainment of less than five grades. We had census tracts in which you had as high an unemployment rate as 15 percent. The rate was directly tied in with the education of the head of the household and his earning power, so we tried to target these programs.

In community action, I insisted on saying community action because I did not want the Congress setting the priorities in those areas that would be forming the economic development corporations at a later date in San Antonio, established a super board saying this is what we think ought to be done.

We provided community action so that the communities in the affected areas would elect their representatives to the board. That was the beginning of that experience. Well, the dropout rate in less than a 10-year period, between 1965 and 1972 in San Antonio among that same group, decreased and continued to do so with the advent of the Nixon administration.

When I was in the State Senate I would go to the middle schools' graduation ceremonies and the principals would tell me in these Southwest and Western schools, they would say, well, only one out of four of these kids is going to go on to high school. That becomes cumulative because those kids, in a few years, will be adults who are unidentified, unskilled, and untrained. That is the most exposed area of our work force, our potential work force. So we thought if we could dovetail an opportunity for that kid and the family by providing him with work to supplement the family income, and with the ability to stay in school. So, the dropout rate was reversed, and went down to below 20 percent.

I noticed the statistics today that has happened only since 1985. I have tracked those statistics and I have tracked the Student Loan Program, and the direct impact on, say, the San Antonio Community College. Among who? The poorest. Who are the poorest?

When I see the statistics, it hurts me because it is recidivism. It is going back. It coincided with the Federal Government retreating from the commitments not only in housing, but particularly in housing.

President Reagan's first budget in 1981 called for an 80 percent impact on the programs over which our committee has jurisdiction. David Stockman was the Director of the Office of Management and Budget and the only non-Budget Committee appearance he ever made was at our subcommittee in March, 1981.

If we had accepted the recommendations he made then, as I have pointed out, by July 1, the Secretary would have to issue instructions to every FHA field office that they could not commit \$1 of mortgage insurance. Fortunately, he was considered a financial genius.

Well, he showed his ignorance of housing finance because they were targeting the \$31 billion that they had, but it was over a 30-year period. They were targeting that for elimination. I asked him, is this what you mean? It was not until an assistant came up, tapped him on the shoulder, and he said, well no, we don't really

mean that. What we mean is that in the 100 percent subsidized FHA we must have a reduction. We have had to battle. You can see the joy, the gladness, and the hope that I feel to know that we have a Secretary like Mr. Cisneros, who this morning announced what he told me more than a week ago. The Secretary will request funding for another government program—if it sounds braggadocio, I would be glad to plead guilty—that I developed.

I developed it during the middle 1980's when it was obvious that the S&Ls which had been the main financial framework of record for the construction of homes at affordable prices and sale of homes at affordable prices based on a fixed long-term, 30-year mortgage was failing. So I devised what I call a national housing trust.

There are some other countries that have similar things. When they submitted to housing that is what it did. It stabilized and capped the rates.

We also targeted the first-time home buyer as the Secretary explained very, very well. It took us from about 1986 to 1990 to finally see it enacted into statutory form. The main idea is that it will utilize no new bureaucracy. In fact, it will take advantage of the experience by S&Ls and others and we visualize that this would be one hope of restoring some of our ability in the S&L movement as far as housing is concerned.

The other was that we would provide a taxpayers' recoup in case that home was sold. At the point of sale, the subsidy would be paid back. We could not get it funded, the Secretary is correct, until now. It is a tremendous program. Until we start there, we will not turn the country around as far as depressed economic behavior.

For that reason I also devised the national housing and economic communities stimulus. This was in the last Congress. We got that out of the subcommittee on a bipartisan basis and we targeted \$30 billion on a bipartisan basis out of the subcommittee and out of the full House committee.

Now, did President Bush obstruct? No. We got this out on a bipartisan basis. We were able to convince very skeptical and reluctant Republicans. They knew. They were intelligent. So we went through, but when it came to the leadership of our Congress in the House, they would not touch it with a 10-foot pole. They would not let me run with it in the Rules Committee because once we pass a bill out of the committee it goes to Rules and that is the power of the Speaker where they determine what happens.

We don't have that power. If we get a chance, though, it will go to the floor and we will sell it. But anyway, we made visits beginning with Bridgeport, Connecticut, on January 7 of last year. We went all over the South. We went to Spartanburg on the border between South and North Carolina where they have problems. We went to Baltimore.

We went to Congressman Mfume's district where he was born. We went to Cleveland where they had an all-day hearing. We had a report that 33 percent of their manufacturing jobs were gone, most of them across the border to the maquiladora. Then we went to Los Angeles on February 10. We went to South Central.

Actually, it was the only building where you could have a hearing. We had an all-day hearing and it was so disturbing and troubling that I immediately stopped the rest of the schedule. We were

going to Detroit and we were going to Philadelphia and we still intend to, but we came back and wrote an interim report. I wanted to hand it to the Speaker.

He was not there so I left it. I never got a response. Finally, when the Speaker called a chairman's meeting I raised the issue. He said, no, the President has advanced his Tax Program and we have to meet him on those grounds. So we are devising an answer to the President's program. I will guarantee you that because we figured with even less than \$340 billion we would not have to have a new bureaucracy because you have CDBG in every community you can think of, and every one of the leaders and mayors of those communities testified and said they were ready to go, but they did not have the money and that they could use not \$10 billion, but \$30 billion at least. That is why we targeted that.

Some of the communities that have started within 30 days, what, infrastructure, as you mentioned, housing is not out there on a hill by itself. You have to have water, utilities, streets. The infrastructure is absolutely necessary. We estimated very conservatively that a minimal amount of time, which means that it would be a 6-month period at the most, we would have employed over 650,000 people, from laborers to architects.

The League of Cities endorsed it. The Association for Mayors endorsed it. The Governors Association endorsed it. Homebuilders endorsed it. Mortgage bankers endorsed it, but our leadership, and they weren't Republican, because they were convinced that they had to meet the President on taxes. Well, they did.

My answer to that is that I have yet to see a Tax bill that brings about prosperity, but if that is the way you are going that is fine, but I think that is tragic because no matter who is in charge at the White House, we are all obedient to the needs that are burgeoning up from the midst of our society.

All the experience I have had in these recessions is that when they bottomed out and started, shallow got deeper and deeper, took longer to come out. Every time there was a turnaround it started in the construction sector. So I cannot tell you how delighted I am, Mr. Secretary, and how indebted that you are the first to recognize that and have gone to the President and elicited from him a commitment for that amount of money, which certainly is substantial enough to prove itself. It will prove itself.

I am convinced that if we had, perhaps, George Bush would have been reelected because there is no question that by the time that the election came around last November, you would have had over a half million people employed that were not. But today when I see President Clinton's plan, which initially was very good and some aspects of the stimulus package was subtracted, as you will remember, from our plan, meet the Senate and not even get 16 after he reduced it to try to accommodate. That is the Congress. I hate to say that because I love the Congress. But that is who did it. For whatever reason that is where it is.

So today I want to tell you all that you have been most helpful. The statistics, of course, reinforce and help us very much. The only thing I have to say, Ms. Hall, is I hope you have a chance to have access to the mayor. You said you have problems. I hope you took advantage when he was here.

Ms. HALL. Well, no. He left too soon. I will get him later.

Chairman GONZALEZ. Let me tell you why. Thanks to a Dr. McDermott, who is a doctor and who was a member of our committee and subcommittee, we have a Housing for AIDS Patients nationally. To see this effort in San Antonio makes me feel good because there is a need there and we recognize it in the Congress.

It was not easy to get, but thanks to the leadership of Dr. McDermott we did. So we want to be helpful to you. Your presence here will help us try to help you.

Ms. HALL. You know that is the problem in San Antonio. We do have a very effective AIDS Program. The San Antonio AIDS Foundation does a fantastic, wonderful job. They house the person with AIDS.

My son died of AIDS 5½ years ago. He had other problems, but he was not an I.V. drug user or any of the things that you picture someone with AIDS. It woke me up that AIDS can touch all of us. But my son did not die in the AIDS Foundation. My son died in the bedroom in his own house with his dog and cat laying on the floor. It woke me up to disabled people. Not everybody in the House of Hope has AIDS.

There are other disabilities, but the largest percentage is AIDS. We need to house the whole family.

Congressman Gonzalez, I am more stars and stripes, apple pie, and mom than John Wayne ever dared to be. I agree with Mr. Goodwin that there are people we cannot help, but we certainly should not turn our back on those that we can. The core of the family is so important. If we don't have morals and if we don't have scruples and we don't hold our families together, then we are not Americans anymore.

We have to do this for people with AIDS because it is very difficult. You would be surprised at the number of people who are evicted. On paper it is not because of AIDS, but once they know you have AIDS you will be homeless. Some families will make you homeless. They will put you out because they are afraid of the virus. It has been difficult.

If it had not been for HUD, we would have people dying on the streets. The hospice is not for everyone. I thank every one of you all for caring about them. My son never needed the service, but I am so glad it is there for other people's sons.

Chairman GONZALEZ. Congressman, forgive me for having taken too long.

Mr. RUSH. Mr. Chairman, you are so kind to allow me to associate myself with your remarks. I do want to commend both you and the staff for assembling this outstanding panel of witnesses today. It has been very insightful and quite an experience for me to see how the citizens of San Antonio struggled to resolve a problem that is a national problem and a problem that I am working on and I share in my own district in the city of Chicago.

I do have one or two questions. I will be very brief. I know we have another session to go to. I wanted to ask the Secretary to be so kind as to address this particular issue.

As you know, Mr. Secretary, we in the Congress passed this current year an earned income tax credit which I think will be very helpful to the poor people across the Nation, especially the working

poor. I am aware of an earned income tax credit campaign whereby there is an effort to inform working poor people about the fact that they could increase their income up to \$2,346 at a maximum and they could also lessen their tax liability. There are other kinds of entitlements.

Is there any collaboration between HUD and other agencies and organizations to help them gain the resources of HUD and local housing developments in Chicago or the Chicago Housing Authorities, San Antonio Housing Authority, various other housing authorities?

Are there any efforts to engage or develop collaborative effort to inform public housing residents about the earned income tax credit?

Secretary CISNEROS. Congressman, yes, there are.

This is a very important issue, the centerpiece of the President's economic package this last budget. It is a large sum of money that he asked for and, as you know, really had to fight hard to maintain it because he was committed to a \$20 billion program.

The Earned Income Tax Credit has the potential to eliminate, as you correctly said, a statistical category in American life which is the working poor. The theory of the Earned Income Tax Credit is that people who work full time, minimum wage or better, 40-hour week, should not be below the poverty line. Today they are. And the Earned Income Tax Credit returns enough in a tax rebate to persons who are technically below the poverty line that if they are full-time, 40-hour-a-week workers it ought to lift them above poverty.

Now when that is combined with the minimum wage increase we begin to really see some impact for working Americans and lift them above poverty.

Yes, sir, we do have a series of collaborations with other departments to inform people as well as collaborations with our partners and allies in work across the country.

One final point, if I may—and I would like to share this with the subcommittee at another time that the chairman feels is appropriate—but when one does a quick tally of the things that you and the Congress have passed and that the President has initiated in the last year alone, it begins to resemble the kind of coherent urban approach that many of us have been calling for for years. Earned Income Tax Credit is the centerpiece of it.

You add to that the permanent extension of mortgage revenue bonds which results in housing, permanent extension of low-income tax credits which will bring hundreds of billions of dollars a year to housing, full funding of Head Start, full funding of immunization programs for children, National Service, which will bring 100,000 young volunteers of college age talent to work in service, the majority of which will be in urban areas.

Add to that welfare reform, health care reform which will deal with 37 million Americans who are not insured, the majority of whom are in urban areas and throw themselves on the mercy of trauma rooms and emergency care medicine, the strengthening of the Community Reinvestment Act which brings commercial bank credit to central city areas, the putting in place of community development banks which creates a new network of capital institu-

tions, the reforming of our training initiatives so that we begin to make sense of work to school programs.

When you put all that together and others that I have not mentioned, all of which have been passed in the last year or are proposed for congressional action in 1994, you begin to see—although it is not called explicitly an urban strategy, you begin to see a very coherent package of things that many have been calling for for years.

Mr. Chairman, at the risk of being presumptuous, it may be an interesting subject for a hearing at some point to try to group all that together and make sense of it because I really think that it is a powerful mix.

Chairman GONZALEZ. We do intend to, and, in fact, we have already scheduled to have you come before us when that package is together. It may not be necessary to have you on those 1993 initiatives that we ought to get out of the way. The Senate has passed them, so we want to act on them.

Ms. CALDERON. Mr. Chairman, in response to Congressman Rush, I think I have some interesting things to tell him with regard to the Earned Income Tax Credit.

For the past 3 years locally we have undertaken a very large public awareness effort here in San Antonio. We have developed steering committees comprised of the business community, schools, civic organizations, the chambers of commerce, media, and major employers.

We have also worked very, very closely with the housing authority for the past few years, and through the housing authority have been able to contact about 10,000 families.

We also have worked with the local utility company here using their monthly statement in January to send out close to half a million informational pieces on the earned income credit.

The first year that we—or, rather, the second year that we undertook this it went so well locally that we thought we had a good deal and went to the State Comptroller and engaged him in the State campaign. At that time, most of the work fell on Partnership for Hope, but the State Comptroller, being a very intelligent individual, quickly saw the value in terms of promoting the earned income credit. For San Antonio it has meant approximately \$60 million to \$70 million EIC dollars. At the State level, it has meant a little over \$1 billion.

And so, under his leadership, they have pretty much institutionalized that public awareness campaign out of his office, and our role really now has been to focus on south Texas where we know that we have a lot of families that would benefit from the earned income credit campaign. And, in fact, we want Washington to see both the local and State as model campaigns.

Mr. RUSH. Great. Congratulations.

Mr. Secretary, I have one other question I would like to ask you. The HOME Program and the CDBG Program, is there a downside to consolidating those two approaches in order to make it more expansive, make one program more expansive? Is there a downside to that?

Secretary CISNEROS. Congressman, I do believe there would be a downside. The way that the CDBG Program and the HOME Pro-

gram are designed, they deal with different segments of the community needs. They deal with different targeted populations.

For example, the HOME Program has very specific targeting for housing. It is deeper targeted for low income. Ninety percent of the units, for example, need to be below 80 percent and then another half a percentage of that below 50 percent of median income. It is very much targeted to low-income housing, low- and moderate-income housing. It is a housing strategy.

CDBG, which has existed for much longer, has gradually evolved to be used by communities more for infrastructure, lots of streets and roads and sidewalks and communities, lots of parks and libraries and public spaces, and some housing. A small percentage of CDBG, up to 15 to 20 percent on the average, is used for housing, but it doesn't have the same targeting requirements, so we don't get the same effect of targeting. Mayors and community activists view the CDBG Program as the most flexible money that they get for community improvements, and they would be reluctant to give it up as a flexible source of money for community improvement so it would be hard to say, well, we are going to take that and target it not just to housing because then there would be no money for the other things they want to do.

The constituency for the HOME Program is different. Unlike CDBG, which the mayors regard as their program for distribution, working with the community leadership as we do here in San Antonio or did here in San Antonio in the HOME Program, its constituency is more the nonprofit and housing sector. So they have different targeting, different constituencies, different ways in which they are utilized.

Now what we are doing—because I don't think combining them is the right thing to do. What we are doing—and Assistant Secretary Cuomo is doing a very good job of this—is requiring that the CHAS which must be put in place, the Housing Area Strategy Program, which must be in place in order to use the HOME Program—and there is a separate master plan required for CDBG—that those be combined so that we at HUD can see what is a community's overall plan for CDBG and for HOME and how do they integrate and in the process eliminating the requirement for duplicate planning processes.

So that is about as far as I think we want to go. We want to make sense of the two and use them complementarily but not combine programs because they have different effects.

Mr. RUSH. Thank you.

Mr. Chairman, I have a couple questions I would like to ask Mr. Flores.

Mr. Flores, in the testimony from most of the panel members I didn't hear too much mention about crime in public housing, and if that is not a problem I must congratulate you and the public housing agency here in San Antonio because it is a problem in Chicago, an acute problem. Is there a problem in terms of crime?

Mr. FLORES. Yes, sir, there is crime in public housing. I think our situation here is that most of the crime that is committed is in public housing property but not by the residents. It basically—

We just had an incident—I think we talked about Spring View Apartments where in a period of about 48 hours there were four

murders. None of them were residents. None of the ones that committed the crimes were residents. So what we find is a crime has been committed at the public housing property, but not by the residents.

I think the difference between us and Chicago is that yours are predominantly highrise public housing developments. In our case, Spring View Apartments is 421 apartments, two-story walk-up, on 50 acres.

We are fortunate that we have a very good relationship with the San Antonio Police Department. Their officers uniformed, armed and trained work for us, at about \$13.50 an hour, so we have an excellent situation. And we do supplement some of that with private security, but we do provide very little on our own operating budget. Most of it comes from the city.

Mr. RUSH. So there is no gang problem in public housing?

Mr. FLORES. Not to the extent that you would find in Chicago, I think. We have offset a lot of it with a very extensive work with the City Youth Program, the Youth Employment Program I mentioned, with a very extensive recreational program.

Ms. Mellon mentioned work on the military. We have done that, too. At Spring View Apartments, for example, we have an engineering reserve outfit here that comes in maybe one weekend a month. And they build a road one weekend; next weekend they tear it down. We engaged them—that, instead of doing that, why don't you come to Spring View Apartments and build a baseball field? Which they did.

Then the RTC houses that I mentioned, the youth employment, the Army also works with that. A senior master sergeant that grew up in one of our public housing developments at Fort Sam Houston, he created what is called a salida or the way out, the gate, that he took at-risk youth, primarily those that were going into middle school, and created a weekend summer camp at a military installation here that is used primarily for reservists that has helped a lot.

But I think we have a lot of intervention that has helped keep the gang problem down. Again, there is a gang problem in San Antonio. I would like to say that there is some—those that are in public housing seem to respect the public housing property.

Mr. RUSH. It has come to my attention that the San Antonio Housing Authority have used excess funds from section 8 certificates to fund not-for-profit organizations, is that correct?

Mr. FLORES. Yes, sir.

Mr. RUSH. And how does that operate? Can you explain how that operates?

Mr. FLORES. Well, basically, the Section 8 Assistance Program provides us an opportunity to become very efficient, and it gives you the economic reward at the end. And HUD has a contract provision that if you do have earnings that they must be used for housing purposes consistent with State and local law. So, to the extent that we can, we will create a nonprofit to go after and do the particular aspect of affordable housing.

We have used our section 8 earned administrative fees to support those activities by, again, the layering. We might be able to buy that dilapidated piece of property and then go to the bank or go to the city and obtain the funds to rehabilitate that property, and

then that keeps on a roll, that we can keep anything that we have out of there to go to the next property and to the next property. So we have been very successful in using our earned administrative fees of our Section 8 Program with the nonprofit, the instrumentalities.

Basically, the same board that we have on the housing authority is the same board for the nonprofits. They serve very low and low-income families at affordable rates without any other Federal subsidies for assistance. We are very, very happy with the work that we have been able to do with those nonprofits.

Mr. RUSH. The expense for maintenance and quality, are they the same as for regular public housing residents?

Well, let me ask it a different way. Do those developments that you have on your not-for-profit auspices, are they under the jurisdiction of HUD?

Mr. FLORES. No, sir, they are not.

Mr. RUSH. They are not. What jurisdiction are they under?

Mr. FLORES. They are—basically, they are incorporated under State law under the Texas nonprofit law, and they are also qualified as 501(c)(3) under the Internal Revenue Code.

Now, we also want to make you aware of the nonprofit, which created a CHDO, which is in the HOME Program that has on the board two residents of public housing, one resident of a low-income neighborhood who is a parent of a mentally retarded person, a former commissioner and a current commissioner, and we used it to work with the city and also with the State, and we do have some to do some housing for AIDS, so we do sponsor that type of nonprofit.

Mr. RUSH. Thank you, Mr. Chairman.

Chairman GONZALEZ. Well, thank you.

I was going to also join in that observation. It has always been true, ever since I can remember, even when I was a juvenile officer, that there were gang activities. Those activities, however, were not on the premises of the public housing. It is a very happy situation that has happened in San Antonio from that standpoint, but unhappy that the city developed a pattern, such as drive-by shootings. It occurs at other areas than public housing facilities, but it is a problem.

Again let me say that in 1945, at the time the war was winding down, the headlines of San Antonio papers read juvenile crime increases by 450 percent. It was at that point that I went to work for the juvenile office, and it became a challenge. I knew it wasn't going to be a life's vocation, but it became a challenge. I worked at it.

We had the same thing. Alarms were sounded. The police took very dim views of what I inaugurated as the casework system. My discharge was the juveniles who had been arrested and placed in the third ward of the county building which they called the juvenile ward.

Well, 3 years later I had the great privilege of seeing that that was eliminated. We changed the jurisdiction of the juvenile court and judge, but we had the pressure of the city council who wanted to pass a curfew law. Well, I take great pride in almost single-handedly putting a stop to that. I just made one or two observa-

tions before the grand jury, and when the net results came in, I was made chief juvenile probation officer. Within a year's time even the police commissioner—at that time announced that something had happened—gave me credit for it. We did have a reduction overall in the volume of juvenile offender arrests to 36.6 percent.

The most important statistic was the one that wasn't published, as 90 percent of the work that I do doesn't get covered in the newspaper. When you have a complaint, well, it will be covered. So it was the same thing.

But I had more than perhaps I deserved by way of credit and I have the statistics to prove it at that time we had the South County School. When I took over it had 84 delinquents. When I left there were only 8, but that is what created a conflict with the judge. He said, I have a problem because I can't go to the commissioner's court and get the same funding that I did last year for 84.

I said, well, Judge, I thought our purpose was to eliminate the need for that. Well, there we did not agree on it.

At the State Training School at Gatesville, we had 106 delinquents. When I left there were only six.

The most glorious statistic was that when I came aboard about 80 percent of the referrals to the juvenile court were police arrests. When I left, it was the other way around. Almost 80 percent were family referrals. That is, families found out that they had a problem or were beginning to have a problem, and that they could come to the juvenile court and find some kind of advice or counselor help. They didn't wait until it became a problem or until there was an arrest. So those statistics proved to me the greatness that is inherent in the people.

Now, the only way it was done was by my going in and working with the very poor, the single-family mother, the abandoned. Talk about living in poor conditions. They were living in shacks, row houses, with one common fountain and drinking water for 12 families. One pit privy was for that number of people, half of them with active tuberculosis. Working with that mother we were able to get the help we needed, the cooperation of relatives, of other agencies, as meager as they were, and we were able to help kids. My greatest reward has been that result.

In fact, just yesterday I received a letter and Christmas salutations from a young man in Michigan who said, remember me? I had to write to you because if it hadn't been for you I would have lived a life of crime. I just had to write on this occasion to tell you that you gave me the counsel and guidance that enabled me to be where I am now, where I have a home, a wife, and four kids. I am living well.

Well, those are the kind of rewards, you know, that come with your job, with my job, even today as a Congressman. In any case, the point I am making today is that we don't seem to have that faith any more.

It is easy to pass repressive laws. This idea of a daytime curfew is repugnant. I don't care if it is targeted. Why involve every child when there is only a handful that are guilty of juvenile delinquency? It was true then and it is true now. As horrendous as the crimes they were reporting then, it is still reflected. What I found

was that those that had developed a deviant pattern of behavior, that is the delinquency pattern of behavior, were less than one-half of 1 percent of the total. So I just feel outraged that we don't seem to have recognized that truth.

I think the reason is because the people devising these repressive laws are not in touch with people. They don't live among the people, they don't come from those people, and they don't want to work with them. They don't want to know the problems or help share those problems.

Pardon me if I get excited. I feel very strongly and always have felt so because I have been a witness. I have been privileged to witness the wonderfulness of just a plain average citizen, no matter how poor or no matter how isolated, on an idealistic basis. It is there. It just hurts me to see what is happening now; repressive legislation.

If Alamo Heights, as I said then, doesn't pass a curfew but only San Antonio does, what happens if a child just crosses the line, chased by a policeman, and goes into Alamo Heights? What is the corpus of crime that you are building simply because a child has violated a curfew law? No other criminal law is violated but a curfew law. Why should that be?

Anyway, I am glad that the mayor isn't here because I know the city council just recently passed that ordinance. But let me ask if you, Mr. Rush, have any more questions.

Mr. RUSH. No, Mr. Chairman, I really don't.

Chairman GONZALEZ. I will submit some questions in writing and not keep you any longer.

[The information referred to can be found in the appendix.]

You have been very patient. We are also running behind time. We were supposed to be over at Alazan-Apache at 1 o'clock in the afternoon.

I also want to thank you, Mr. Secretary, I hope we haven't caused you to miss any plane connections.

Secretary CISNEROS. No problem.

Chairman GONZALEZ. We will now recognize the gentleman that had risen earlier. I believe it is Mr. Cortez.

Mr. CORTEZ. Yes, sir.

Chairman GONZALEZ. All right. We will recognize you for no more than 5 minutes because we have to move on.

STATEMENT OF JESSE CORTEZ, RESIDENT, VICTORIA PLAZA

Mr. CORTEZ. My name is Jesse Cortez. I live in Victoria Plaza. On November 23 of last month I was denied a plate by the people that cooked there, OK? I don't know why. Where is the answer why I was denied a plate?

Mr. Chairman, Mr. Secretary, thank you for giving us this opportunity to be talking. I have been going through a lot of channels, through a lot of people, through HUD, through the housing developer. Probably Apolonio Flores can answer this. Why I have to go through a lot of channels when I have problems on housing, OK, where I live, where is the answer why I was denied a plate?

There, where I live, there is a lot of corruption. I live in a place where there are a lot of seniors.

Probably Apolonio Flores can answer why his staff, Rosa Cosco and Sylvia Mendez and Sister Michelle, when I told them, why I have to go through a lot of channels to get answers from them, from their employees. We have notice on the bulletin board. See, we got notice. We do have bulletins. If by chance the residents of the housing project speak for themselves.

Now, I just got married on November 13. Miss Corinne Amaka, she put everything in the baskets and sent it up there, to my reception. I went to talk to Miss Mendez and then we talked to Mr. Barkley—I believe Apolonio knows Barkley—he sent me through a lot of channels. Where is the answer why I should go through a lot of channels because they are there to provide a service for us? They are there because we came.

I am poor. SSI—I only get \$434. But speaking on the record, they won't give me any answers at all. I mean, through HUD, through housing. Probably Apolonio can answer that.

Now, excuse me, Mr. Chairman, I have 2 minutes.

Chairman GONZALEZ. I know that. I just wanted to ask a question at that point. First, do you live at 411 Barrera?

Mr. CORTEZ. That is the Victoria Plaza.

Chairman GONZALEZ. How long have you lived there?

Mr. CORTEZ. I have lived there approximately 3 years.

Chairman GONZALEZ. OK. I apologize for interrupting you. I wanted to have that information. I should have asked that in the beginning.

Mr. CORTEZ. I talked to Miss Mendez. But I am willing—Mr. Chairman, I am willing to take a polygraph test if you think I am lying.

Chairman GONZALEZ. Nobody is questioning you.

Mr. CORTEZ. I feel bad because the people deserted me, Mr. Chairman. I mean, why do I have to go through all those channels for no reason at all? I just want a plate of food.

Ms. IRMA TREVINO. I am sorry to interrupt, but we were here first, and we have two kids. We need help.

Chairman GONZALEZ. We will give you a chance in a few minutes, but you have got to understand the restrictions. This gentleman has the floor right now, so we don't want to interrupt him. We won't recognize you at this time.

Mr. CORTEZ. Mr. Chairman, what is the policy of HUD for housing? I don't know. I have been asking them for the bylaws. I don't know. This is something we need. There is a lot of corruption.

Chairman GONZALEZ. Will you yield to me now? I want to ask you a question. When you say that you had to go through a lot of channels, what exactly is the nature of your complaint? Was it that you were trying to reach the HUD official—I mean the housing official in San Antonio?

Mr. CORTEZ. The housing official I was trying to get my complaint, but they deny me a plate of food. Why?

Chairman GONZALEZ. You were denied food?

Mr. CORTEZ. Yes, sir.

Chairman GONZALEZ. Well, let me put it this way. Mr. Flores, of course, is the director overall. Like this one complex where you live, he has quite a number. Don't you have a resident manager there?

Mr. CORTEZ. Well, there is a resident manager there. Even when the cops come, the first thing they ask is what is the manager doing. The manager isn't doing anything, not to my concern.

Chairman GONZALEZ. Let me ask you, do you have a permanent resident manager living there or is it one who visits?

Mr. CORTEZ. We got some people from the housing work there.

Chairman GONZALEZ. That is what I mean. Who is the housing official that acts in the capacity of manager of your complex?

Mr. CORTEZ. It is Sylvia Mendez.

Chairman GONZALEZ. Have you gone to her?

Mr. CORTEZ. Yes. Here are the cards.

Chairman GONZALEZ. Well, without an attempt to either prolong this session, because we are running late, or an attempt to try to avoid hearing you, I am sure that Mr. Flores will be available to you. I will advise you to get together with him.

Mr. CORTEZ. I have been trying to—I talk to Rosa. She is supposed to be the assistant of Mr. Flores, and I asked her to give me his phone number. She said she can't do that.

Chairman GONZALEZ. Well, let me tell you this now, Mr. Cortez. You now have the man, and he is going to meet with you. So why don't we try that? And then you stay in touch with us. I mean, you know how to communicate with me. We have known each other.

Mr. CORTEZ. Yes, sir, and I thank you for giving me this opportunity.

Chairman GONZALEZ. No, sir, I want to thank you for taking the time to be here.

Mr. CORTEZ. Thank you, sir.

Chairman GONZALEZ. We had announced that we will recognize people in the audience, but let me say because of the time, we will recognize you up to 3 minutes. Then if you want to submit any statement in writing, we will put it in the record as you give it to us.

Thank you very much. Will you state your name, your address, and where you are living, if you please, for the record.

STATEMENT OF RODOLSO MACIAS CABRERRA, PRIVATE CITIZEN

Mr. CABRERRA. Thank you. Good afternoon. My name is Rodolfo Macias Cabrera. I live at 8343 Big Creek Street, San Antonio, Texas 78242.

I would extend the provision of Government of the United Mexican States. We delivered this letter for Congressmen Henry B. Gonzalez and Bobby L. Rush and Mr. Henry Cisneros represent the power—the President betrayed them. Mr. Henry B. Gonzalez and Mr. Rush represent the legislative power in this country.

I went to Mexico last January in a hunger strike in the Socolo because I think the NAFTA does not support democracy in this time for Mexico. Mr. Henry B. Gonzalez represents the Congressmen in this country, the principles for this country. The problem in the United States and Mexico, *vivera, no se en Ingles*—

Secretary CISNEROS. Housing.

Mr. CABRERRA. The housing, economics, and other things is because the people in this town need to speak directly with the authorities that represent the people.

The other persons speak after me. Mr. Jose Jarciam is a Mexican resident, and this person fights for the people in the housing, but the housing authorities do not respond for the need in housing. In Mexico it isn't like this. For good reason, the Mexicans, the American citizens need to speak with the authorities.

I only need, Mr. Henry B. Gonzalez, to congratulate you for not supporting NAFTA. I do tell the other Congressmen we support democracy in this country—in my country.

I thank you very much.

Chairman GONZALEZ. Thank you.

Yes, sir?

STATEMENT OF JONATHAN AND IRMA TREVINO, PRIVATE CITIZENS

Mr. JONATHAN TREVINO. My name is Jonathan Trevino, and I went for section 8 in 1982, 1983, 1988, and 1990. They gave me only 1990. I only went to seventh grade, and nobody helped me look for jobs, and I am now on AFDC \$226 a month. I got two kids. I only went to seventh grade. Nobody helped me.

I went to talk to Flores nine times. He talked to me one time only on the phone. He didn't want to talk to me.

I talked to Mr. de lo Santos, and he told us he was going to put us in the projects, Char West, and he didn't put us anywhere. We were at the office. He called. He said, you are sure you have something for them? He said yes. He said be there at 1 o'clock, and we went, and nobody helped us.

Right now, Mr. Henry B. Gonzalez, I went to your office. I got right here a paper saying that I went, and you were going to come over here. This is for people to be talking. Mr. Cisneros, you say you have work for us. Look at me. I only went to seventh grade, and no work. I only went to special classes.

Chairman GONZALEZ. Mr. Trevino, will you yield to me right now? Let me ask a question. Where are you living?

Mr. JONATHAN TREVINO. Right now I live in northwest.

Chairman GONZALEZ. But where? Are you in—

Mr. JONATHAN TREVINO. No projects.

Chairman GONZALEZ. You are not in public housing?

Mr. JONATHAN TREVINO. Eleven years, having a hard time to make a living.

Chairman GONZALEZ. You have made application to live in public housing?

Mr. JONATHAN TREVINO. Yes, sir; 1983, when I got married and then—

Ms. IRMA TREVINO. We put in an application. We talked to Mr. de lo Santos. We talked to them over there, too. We got into an argument.

Mr. JONATHAN TREVINO. What is his name? I talked to Carr too. I went to HUD to report, Forenzo Park, too. We went to report section 8. Mr. Flores, he never gave me an appointment to talk to him. That man now you can talk to him, but I need to come all the way over here to talk to him? It is not right for us.

Ms. IRMA TREVINO. It is not fair.

Mr. JONATHAN TREVINO. Come on, nobody can live on that, \$226 a month.

Chairman GONZALEZ. Let me ask you there. What is the source of that income, the \$226? Where does it come from?

Mr. JONATHAN TREVINO. AFDC and food stamps.

Chairman GONZALEZ. That is your total income?

Ms. IRMA TREVINO. That is it. We need the help.

Chairman GONZALEZ. I agree with you.

Mr. JONATHAN TREVINO. We need to come all the way over here and talk. No word, no nothing. I need some word. I went to special ed. I have proof here. And where are we getting? Nowhere. Section 8 doesn't want to help us?

Chairman GONZALEZ. So where are you living? Are you living in a private house?

Mr. JONATHAN TREVINO. You see, we were paying \$200 there. We live there almost 5 years, north side—independent from north side.

Chairman GONZALEZ. But you pay rent?

Secretary CISNEROS. You live in an apartment?

Ms. IRMA TREVINO. It is a duplex.

Mr. JONATHAN TREVINO. We are having trouble right now paying the rent. They are going to come tomorrow.

Chairman GONZALEZ. How much rent are you paying?

Mr. JONATHAN TREVINO. We need to pay \$250. He wanted to pick up to \$350. He wanted to pick it up.

Secretary CISNEROS. He wanted to raise it to \$350?

Chairman GONZALEZ. They want to raise it to \$350?

Mr. JONATHAN TREVINO. I only have two kids.

Chairman GONZALEZ. But what are you paying now?

Mr. JONATHAN TREVINO. Whatever we can.

Chairman GONZALEZ. How much a month?

Mr. JONATHAN TREVINO. Sometimes we pay \$200, sometimes we pay \$100, whatever we can afford.

Chairman GONZALEZ. How do you live then, especially if you have a kid in middle school?

Mr. JONATHAN TREVINO. We need to buy things for the kids, no income.

Ms. HALL. Congressman Gonzalez, may I ask him a question?

Chairman GONZALEZ. Certainly.

Ms. HALL. Do you have an eviction notice?

Mr. JONATHAN TREVINO. They are going to.

Ms. HALL. May I give you my card? When you have an eviction notice, I believe you come under economically disadvantaged. May I give you my card?

Am I right, Mr. Cisneros?

Secretary CISNEROS. You should be able to help him.

Mr. JONATHAN TREVINO. I went to Social Security, and the first time they told me no.

Ms. IRMA TREVINO. They denied me, too, for Social Security.

Ms. HALL. Once you qualify as—you are going to be homeless. It is imminent. You are going to become homeless. You must come and see me. You must.

Chairman GONZALEZ. Very good. Also, you said you went to my office?

Mr. JONATHAN TREVINO. Yes, sir.

Chairman GONZALEZ. Where did you say you are living? Where are you living now?

Mr. JONATHAN TREVINO. 3811 Northwest, Charlbrook. I have been there 11 years.

Secretary CISNEROS. Off Bandera Road, probably inside the loop off Bandera.

Chairman GONZALEZ. Well, you are probably in the district now, so may I advise that you take up Miss Hall on her offer. At the same time, you can either phone or come by our office and report what, if anything, has been done to help you.

Mr. JONATHAN TREVINO. Let me ask you—they told me—1970 or 1977 I live in Cassiano Courts. He said, there is no riots in the courts. He said, buy a gun. And a little child shot herself because she wanted to protect herself. There is a lot of violence in projects because I live right there.

Chairman GONZALEZ. What housing project did you live in?

Mr. JONATHAN TREVINO. 1970–1977, Cassiano Homes. Violence, shooting in the front of the streets.

Chairman GONZALEZ. Well, why don't you do that? Meet with Miss Hall. Find out what if anything is available first.

Ms. HALL. I will be able to help him as soon as he has an eviction notice.

Chairman GONZALEZ. Let me know through my San Antonio office where you stand, and we will continue with this.

Mr. JONATHAN TREVINO. I am doing this because my son goes to north side school. He is 10 years old. My little girl is 7. I really pass my history. I cannot get jobs or nothing. My family, I need to get something for them, not for me, for them two because I already did my own. They need to come all the way over here to talk about it. It is not fair.

Ms. IRMA TREVINO. Nobody wants to help us.

Chairman GONZALEZ. Oh, we will. We will see to it.

Ms. HALL. Let me assure you that the Housing Code Office will try to work with them.

Chairman GONZALEZ. All right. I am glad you came up, and you can rest assured you will be helped.

Mr. JONATHAN TREVINO. Thank you. Thank you very much.

Chairman GONZALEZ. Were you waiting? I believe because of the restrictions of time we will have to limit you to no more than 2 minutes. If you have any written statement you wish to present now or later we will accept it. Give us your name.

STATEMENT OF JOSE LUIS JARCIA, RESIDENT, MIRASOL HOMES

Mr. JARCIA. Mi nombre—

[Speaking Spanish.]

Chairman GONZALEZ. Mr. Secretary, would you mind interpreting for me?

Mr. JARCIA. [Speaking Spanish].

Secretary CISNEROS. The gentleman lives in Mirasol Homes, which is a housing development of the city. He is here today to talk about problems of juvenile delinquency, the crime rates that exist in the Mirasol area. He is asking that they think in terms of putting in place security guards because the level of shootings has gone up in Mirasol.

His wife, who is the president of the Resident Association, was not informed of today's meeting, and he is wondering why was it possible that such a meeting could be organized and the president of a Resident Association not informed?

Mr. JARCIAM. [Speaking Spanish].

Secretary CISNEROS. He indicates that his wife works, but that the problem is that rent goes up when a person works, and it becomes a serious problem of the rent going up, so he advocates rent reform in order to help people be able to work and then save money so they can move on from public housing, that it is virtually impossible when a family confronts the cost of living that exists today to be able to make ends meet and then when rent increases it only exacerbates the problem. Salaries are essentially too low, and people are struggling to try to make ends meet.

He is not an American citizen himself, but his wife is, and he has six children who are American citizens, and he is a very articulate man in terms of his advocacy for social justice, as he speaks.

Chairman GONZALEZ. [Speaking Spanish].

Mr. JARCIAM. [Speaking Spanish].

Secretary CISNEROS. The gentleman says that lately representatives of the Baptist church have come to the development and have been preaching the gospel and reading the Bible, and he has become convinced that the problems that we confront in our society cannot be solved by adherence to secular law but require a commitment to God's law, that spiritual guidance is a dimension of any solution of the problems that confront our children in delinquency.

Chairman GONZALEZ. Thank you very much, Mr. Secretary. I think we appreciate you going beyond the call of duty.

Ms. HALL. Mr. Gonzalez, just think if he ever loses his job. He could get a job as an interpreter.

Secretary CISNEROS. I can type, too.

Ms. HALL. And take shorthand.

STATEMENT OF LUIS J. HERNANDEZ, RESIDENT, VICTORIA PLAZA

Mr. HERNANDEZ. My name is Luis J. Hernandez. I live at 411 Barrera, Victoria Plaza. I have been there almost, say, 6 years, and in all this time that I have been there, I have come in contact with you, and you have given me some good advice.

I sent a letter now to Mr. Cisneros. I have already taken care of this. I talked to the man that you told me to talk to.

I have some other things to talk to Mr. Apolonio Flores about because you never can get ahold of him. He is out of town, he is in a meeting, all that stuff, you know, and I don't think that is—I haven't seen him go to Victoria Plaza. The roof is falling apart.

Chairman GONZALEZ. Mr. Hernandez, you and I have communicated—the office is near Victoria Plaza. Let me say in all fairness, you have been redistricted out of my district, the neighborhood or the office. You are no longer in my district. You are in the 28th district, but that doesn't make any difference. I want to say that when we have taken your requests or whatever, we have communicated with the director, and we received answers to our requests. Those answers were passed on to you.

Now, there are some things I remember that were very troubling to me because you report very serious things.

Mr. HERNANDEZ. I am—I have always lived—saved their lives in that thing in there.

Chairman GONZALEZ. I remember.

Mr. HERNANDEZ. I don't want to take your time. I know you guys are short of time.

What I want to do, I want to speak to him personally and tell him all the problems going on in there, including stabbing a guy in there. That is what I want to do. But, I mean, there is no way that I have been able to get ahold of him.

Chairman GONZALEZ. Well, you have him now. You have him now. He is kind of cornered, so to speak.

Mr. HERNANDEZ. OK, so I got your calendar. Thanks.

Secretary CISNEROS. With your permission, I have learned a great deal from today, and I have been taking notes on the testimony of the other panelists, and I think it is very helpful to me, to hear some of the specifics that have been laid out today. I am grateful to you for the invitation.

Chairman GONZALEZ. Thank you very much. As I said, I couldn't tell you in words how grateful I am personally.

Secretary CISNEROS. I am sorry I can't stay to do the afternoon, but I have some things I have to do.

Chairman GONZALEZ. I am going to have to go back myself for a few days tomorrow morning.

Secretary CISNEROS. Thank you so much.

Chairman GONZALEZ. You bet.

Secretary CISNEROS. I will listen to him. He wants me to hear.

STATEMENT OF REV. RICHARD C. DUKES, CROSS ROADS MISSIONARY BAPTIST CHURCH

Reverend DUKES. I am Pastor Dukes of Cross Roads Missionary Baptist Church. Our church is right behind the Spring View Apartments. This is the association president and the treasurer there of the Spring View Apartments.

First, I would like to thank you for the opportunity to be here and to be acknowledged.

We have several problems. It was stated earlier about the gang problem. Well, in 36 hours there were three murders. In about 46—about 42 hours there were four murders in the same area, not even 50 feet apart.

One thing is the residents and the management haven't been working together. Management hasn't been working with residents, so it has created a big problem.

Yes, we need fencing. We have asked for it. We have asked for it for over 2 to 3 years. I have been working on this in that length of time. There needs to be a way for the residents to be heard.

I enjoy seeing the professionals sit here and tell how professionally they are working. But it is like water running uphill. It is hot on top, but when it gets to the bottom it is not hot anymore. Not only is it not hot anymore, you don't have as much water as started out at the top.

We have tried often to get in touch with Mr. Cisneros. In the past we went out on the Hill together, and we marched up and

down the streets together, and I knew what kind of fellow he was. Him being in housing, I knew he would hear our cries.

Just as we said in here, there is a guy being buried today, gang related. He was taken out and shot behind the head at the Spring View Apartments. Our problems are not being heard. There has not been a working relationship. Yes, I am a pastor, and I don't live in the Spring View Apartments, but I can tell those who shoot not to shoot through my window. I have a bullet hole in my window.

So the problem does not stay within the complex. It is often considered like a project is a reservation. It distances the residents from the complex from the residents that live off the complex. So, therefore, it makes it seem and appear that they are project people.

Well, I beg to differ. They are not project people. We should love them all. We are all in this together. We are not single people. That is the way it appears. I am often told by the housing authority—and it makes no difference to me, but I am often told, well, you don't live in the residence. They are my people, and they live in my heart so I cannot segregate myself.

When little children cannot walk by the window—this is in Spring View. When the parents hear the tires squeal, they jump on the floor. That is how bad it is in Spring View. It may not be conveyed that way to you on this date, but that is the way it is. I am not saying this for any way to make it look bad. That is the way it is. These residents have been living in fear, a living hell.

This young lady has had three murders right outside her door. Do you know she didn't sleep in her bed for 2 or 3 weeks? She slept on the floor because it was safer on the floor.

First of all, security has not been working with the residents. Who knows better about the problems than the residents themselves? I feel that with all these professionals it should be somebody that speaks for the residents that are in those houses that can tell you what they have received from this.

All of this that comes down, they have to be receiving something. It is not getting down to them. What do they say is happening and how are they receiving what you are sending down? That is very important, that they get what you are giving to them. It is not being received. Most of them will not come out because of fear. We have a hard time trying to get residents' input because of fear not only in Spring View. This is in every apartment.

It is because you are not reaching them. We are listening to the wrong people. We need to listen more to those who are directly involved and then we can get a better outlook. No one knows how sick I am unless you ask me. I can tell you how sick I am.

We need to do more. I want Mr. Cisneros to be a part of this because I know he cares. But some of them underneath him don't have the same sentiment. It is business as usual. If it had not been—and I mean this—yesterday they allocated fencing all the way down. We have been trying for the last 3 years. We are just now getting them to commit to a fence that would divide us from the railroad track which they had been coming and spraying the complex with Uzis. I mean just shooting up the complex. It has been terrible.

It is because we have not had the working relationship. We must have a working relationship with the residents. All you do is not going to do any good.

The residents are trying all kinds of things. They are setting themselves up by their coming to the authorities and telling them what is going on.

Do you know what happens to the residential area? One of the vice presidents of the Residents Association of Spring View went and told management what had happened in the complex, and she was jumped because of that. That kind of input has made them withdraw.

But yet still everything you do here is supposed to concern them. Well, if it does then it must be for them. They must acknowledge it. It must be felt by them.

I thank you for your concern. I am in hopes that you will understand how we feel.

Chairman GONZALEZ. Yes, sir, we have known, and we are well aware of the situation. Also I am sure you read and heard about the recent announcement that the Secretary has allocated a very substantial sum, \$48.9 million, for the Spring View.

I know the Secretary has to leave, but he may have a comment to make.

Secretary CISNEROS. Reverend, thank you very much.

Mr. Chairman and Congressman, we insist that resident involvement be a major part of the planning for these HOPE VII below efforts. Not only resident involvement in the planning but resident involvement after the fact in the management at the support services and the employment and all the other aspects of it. In every one of these cases we will require evidence before money is released that the residents have been completely involved.

In Chicago yesterday I talked with a resident group about assisting them to get access to some architectural advice so that their input as lay persons could be informed by having access—to having access to somebody who was an architect because that was a very complex matter about what buildings and what landscaping, and so forth.

So we definitely want the residents involved. I am sure that that will be facilitated by the housing authority here. If there is any difficulty, contact me directly, and we will be sure that the housing authorities know the residents must have a role.

Reverend DUKES. We were instrumental in that grant. We were part of that. That doesn't mean it always happens. Getting in touch with you has been a chore for us.

Secretary CISNEROS. Let me give you my direct number right now.

Mr. RUSH. Mr. Chairman, I just want to say that I do want to underline what the Secretary has indicated in terms of my experience in Chicago and Cabrini Green and other areas of public housing developments in Chicago. We have in Chicago 144,000 families in public housing. Most of them are suffering under some of the same problems that you have described today.

I know that this Secretary here has shown sensitivity, compassion, dedication, and commitment to making sure that with these HOPE VI dollars, the grant that came to the city of Chicago which

is about \$50 million, that not one red cent of that money will be spent unless there is total satisfaction between the residents and also between the management of the Chicago Housing Authority.

As a matter of fact, he withheld the approval of those funds until such time as the Member of Congress who represents Cabrini Green and myself were satisfied that there had been some high level and intense collaboration between the residents and the local housing authority. So if he says the funds will not be spent unless there is collaboration, in my estimation you can take that to the bank.

Secretary CISNEROS. Thank you, Mr. Congressman.

Let me say I think Mr. Flores has heard this not only now but previously, the fact that the residents were involved in designing the application is a good indication that we have a start here. But we do want the residents involved in the more intricate steps now which is the design of Spring View. Although you don't live in the development, as a pastor who represents people who do live there and could be a leader it would be important to have you involved. I know Mr. Flores would take that seriously.

As for reaching me, I would be remiss if I did not introduce Mr. Frank Wing over here at the door. He is a senior advisor to the Secretary. He is renowned for his ability to respond to citizens. I will give you a number to reach me, and if you cannot reach me ask for Frank Wing or Edmund Moses who is in charge of resident initiatives.

I want you to be assured that the residents of Spring View will have their voices heard before this is approved.

Chairman GONZALEZ. We will hear this gentleman, and then we will have to leave.

STATEMENT OF MR. ALVAREZ, REPRESENTING THE MEXICAN-AMERICAN NEIGHBORHOOD ORGANIZATION

Mr. ALVAREZ. I represent the Mexican-American Neighborhood Organization. We are built up mainly of gang members of the 1960's and 1970's which all wait to get their release under the VISTA Program and the Minority Program.

A lot of talent was found for the work we implemented in the west side of San Antonio after the Second World War and Korean war. A lot of these boys went into housing and were involved with the old circle gangs.

We do work in and around San Juan homes which have no gangs now. We founded St. Mary's. We worked for 7 years. There were 21 killings between the gangs. We work with 6 gangs now, and in the year we have worked with 25. We are talking about youths between 12 and 17. Most of the victims have been residents of public housing and most have been killed from outside groups.

Public housing is not the culprit of organizing gangs. Gangs usually organize themselves. Housing can develop defensive gangs. They defend themselves, and naturally they have to shoot back because they get tired of being shot at.

Recently, one was selling drugs in public housing and the other was a gang leader in public housing. They had a new manager come in, and he seemed to know what was going on.

Now there are only two gangs left in the area. The other gangs have been moved out, and somebody is doing the job.

We work there 5 nights a week from 5 to 10 at night with the gang. The boys do respond. They do accept help and advice, and we go all the way with them through juvenile court. We try to get them back into school. We try to get them into the programs. We will take care of them in the daytime at the community center which has been involved for 25 years. It is workable.

You can work with these youths, but I think it is time that housing, like schools, develop their own in-house program and stop delegating to other programs that say they are going to do it, but they don't do it or they are afraid to do it or they are waiting to be asked.

There is a very strong Tenant Council, and maybe that is why they have no gangs now. As soon as they see a gang somebody puts a foot down.

Like I say, housing is a victim of the gangs. We need better security to protect the people.

Chairman GONZALEZ. Thank you very much, Mr. Alvarez, for your help and the work that you do.

Well, we must move on because the people at the other hearing have been waiting almost an hour. We are going to go there and then visit Lincoln Heights.

I want to thank each and every one of you.

Mr. Goodwin, we will have some followup questions based on the direction this hearing has taken.

Ms. Mellon, thank you very much.

I thank each and every one of you. You will get a transcript of these proceedings for your review and corrections or addition or whatever.

Also, the questions that will be submitted we should get to you by the time you receive the transcript.

We thank you very much. The subcommittee will recess and reconvene as soon as we get to the next site.

[Whereupon, at 2:15 p.m., the hearing was adjourned, subject to the call of the Chair.]

HOUSING NEEDS IN SAN ANTONIO, TX

THURSDAY, DECEMBER 16, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING
AND COMMUNITY DEVELOPMENT,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:15 p.m., Alazan-Apache Public Housing Development, 1011 S. Brazos, San Antonio, TX, Hon. Henry B. Gonzalez [chairman of the subcommittee] presiding.

Chairman GONZALEZ. Will the subcommittee please come to order? First, let me apologize for being so late. It is my fault.

At the time the schedule was set, we had a feeling that we might have problems at the first hearing at the Centro de Artes downtown. The reason is that we had many citizens who wanted to be heard. We just didn't have the space in the regular program, but that was my fault because we didn't have to do it that way. But I have never been one to shut off any citizen and, of course, it turned out they had good testimony.

I apologize for being late, but mostly because we lost my colleague, the Congressman from Chicago, Illinois, Congressman Rush who, because we stayed over this long, had to return home. He had to catch a plane. So I apologize for that, but we will proceed now because you have been patient and have waited for us here.

This first panel will consist of Diana Castillo, president, Alazan-Apache Courts Resident Association; Hazel B. Lowen, president, Lincoln Heights Courts Resident Association; Oscar Garza, former resident, Alazan-Apache Courts Public Housing Development; Roger Caballero, executive director, Victoria Courts Child Care Center, which we visited the last time we were here in 1990; and Miss Blanche Russ, a long time friend and well-known executive officer of Parent/Child, Incorporated.

I want to point out that this is the second time we have come to this site to have a hearing. The first was, in fact, in July of 1991 when we had two hearings in San Antonio. We came here only the second day and had a very good hearing that was helpful to us. We were able to get legislation approved that year, the Basic Comprehensive Act of 1992. That is the reason we are here because we gather information. That is what the Congress has to have in order to legislate and formulate policies or laws that are going to govern not only this type of housing known as public housing, but all the array of what is known as assisted housing.

So without any further ado, and if there is no objection, I will recognize Ms. Castillo first.

**STATEMENT OF DIANA CASTILLO, PRESIDENT, ALAZAN-
APACHE COURTS RESIDENT ASSOCIATION**

Ms. CASTILLO. First of all, Mr. Congressman, I wanted to welcome you to the Alazan-Apache Courts. My first concern, being president of the association, I am here to represent the residents of Alazan and also of the project.

I would like to say for the record that we hope that some things come together and work with the housing authorities in getting partnerships moving forward. I know that we are also here to take a chance of moving to self-sufficiency and maybe getting an education.

We also look to the housing authority of maybe giving the RA some contracts, resident contracts so we can give them to the residents who are having trouble with their rents, that are going through an eviction process. That would be very helpful for us to work with those families eventually being evicted, which can work with the families who need money to pay rent or are having problems. That would be very helpful for us if we can have those contracts for our residents.

Another thing I want to bring up is in the future we would like to see that the resident association has a say so in our security that the housing authority hires. We would like to have an input to say how they are working with the residents here, because sometimes we have problems and residents are not here to say it for themselves, but I am here to testify on their behalf that there has been a lot of harassment from the San Antonio, SAHA. They have been harassed by the officers that work for the housing authority.

I think us representing the residents in whichever project it is, like me in Alazan, I think we should have a say so with regard to the police officers that are hired by the housing authority. In other times it is just retaliation and harassment to the residents who come before, you know, the commissioners or any other like yourself, Congressmen and speak before you will get harassment. They get up here and it seems to me for themselves and they get harassed.

It is great having you here, but after you leave it is hard to say, that it is like we are going to be harassed in different ways by the housing authority. It is difficult for people to come and testify what they feel if they have been harassed by the housing authority.

Deep in my heart it is hard for me because I am president of Alazan. Sometimes we get calls from other projects which are trying to get help and they don't know where to turn. They don't know how to deal with the housing authority in the process of evictions, harassment. There is nowhere to get help and they call this organization our resident council. That is the only resource around here in San Antonio that has been helping a lot of residents in public housing.

We are looking forward to working with the housing authority, but it is hard for us to understand that we are going to take a chance and work with the housing authority because when we tell ourselves, the facts, we end up with a problem of being harassed

or we get our residents thrown out of the housing projects. Then it is a problem.

So it is hard for us to sit down and work with the housing authority. Eventually, it has to be like in writing for us to take chances that we are going to work together as partnerships, because I have been here for 3 years as president of the Alazan Project Courts, and I deal with the housing authority on a lot of good issues and some bad, but it is hard for me to take full credit from the housing authority that they are going to work with us, because I have been through a lot of cases with residents that have been harassed.

I don't want to take much more time, but I hope that you do look into this, into the eviction process with those contracts, with the training. The other thing I want to bring up is that the streets, we have real bad streets.

A lot of residents complain that their cars have been broken because of the streets. I brought it to the housing authority's attention and they told me it is the city streets.

One time they told me that the little streets inside the projects belong to the housing authority so I don't know where to turn, if it is the housing authority or the city. We need those streets fixed because they are in bad shape.

I wanted to take more time, but I want to also recommend that in the future, if it is possible for you to create a committee of residents, of RA presidents from every project to make a committee so we can have access to you, communication. If it is possible, I would like to see that in the future.

Thank you for being here. Thank you for listening to my testimony. I am sorry I did not have enough time to write out all I wanted to write down, but I will be sending it in through the mail or FAX.

I thank you very much.

[The prepared statement of Ms. Castillo can be found in the appendix.]

Chairman GONZALEZ. Thank you very much. If you send us any part of your written testimony, it will be part of the record following your oral testimony. We thank you very much.

Ms. CASTILLO. Thank you very much.

Chairman GONZALEZ. Ms. Lowen.

STATEMENT OF HAZEL B. LOWEN, PRESIDENT, LINCOLN HEIGHTS COURTS RESIDENT ASSOCIATION

Ms. LOWEN. Ladies and gentlemen, distinguished panel, and the Honorable Henry Gonzalez, thank you for the opportunity of addressing you today.

My name is Hazel Lowen. I have been a resident of the Lincoln Heights Courts for a number of years. I left, but now I am back. My husband, Alan, now deceased, and I first lived in public housing back in 1945. We left in 1958 when he was in the military and was transferred overseas.

My husband was president of the residents association until 1990 when he died of a massive heart attack. He was dedicated to helping people. He was a good man.

A while after his death, I didn't do much and didn't care much and then one day, it just came to me that Alan would have wanted me to continue the help he had started. And that is when I began my involvement as a resident helping other residents through the San Antonio Housing Authority Resident Association.

I want you to know that today I live at Lincoln Heights Courts by choice because this is where I am needed. This is where I can make a contribution.

I know that I can make a difference. I know that I can give youngsters hope and elderly residents a sense of security in knowing someone is there to look out for them, and to work with the management of the San Antonio Housing Authority in their behalf.

As president of the resident association at Lincoln Heights Courts, I have had the opportunity of working with the S.A. Food Bank in bringing commodities on a regular basis to our residents, coordinate needs, and serve as a source of referral for various assistance programs, schedule events for the Just Say No to Drugs Clubs, Boys and Girl Scouts, and organize holiday functions for our elderly residents.

We have had an ongoing rapport with the Church Women United, who have helped us so much. They have even secured a television and VCR for the youngsters to keep them occupied with various educational programs, and community agencies like Victory Outreach, the YWCA, Parent/Child, Inc. Day Care, AVANCE, and the Texas Department of Human Services whose staff has helped with education on adolescent pregnancy prevention.

You should also know that the Comprehensive Services Design Team, a group of volunteer agencies that have joined to support and provide services to residents of SAHA and Lincoln Heights Courts, will hold a 4-hour long financial aid workshop next month on January 15 at the Westend Multi-Purpose Center.

Together with SAHA staff, we hope to reach students in the 11th and 12th grades, people who have their GED or are working on their GED, complete financial aid forms. We are trying to help them get assistance so that they will be able to continue their education. This is another first for us and we are very excited about this project. We hope to continue encouraging residents' educational plans.

Working hand in hand, residents and management of the San Antonio Housing Authority have numerous projects on our agenda with emphasis on resident-owned business such as our in-home day care and laundry services and a lawn care service which employs an additional six residents.

Joint efforts by the resident association members and SAHA management has resulted in many accomplishments for residents of public housing and especially at Lincoln Heights Courts. We have done a lot and we have more yet to do. We hope to improve other provisions already in place made possible by SAHA and other community entities.

As an example, we need for the city of San Antonio to provide more San Antonio police officers to help with crime prevention, explore the possibility of a city-sponsored day care for young mothers who want to go back to school as well as work, and perhaps, an additional playground for the resident kids.

We would like to see some exterior painting and replastering of buildings, interior painting especially for elderly apartments (most are physically unable to paint their own apartments), sidewalk repairs, ramps for elderly units, and security fencing for entire developments to deter unauthorized people on SAHA property.

Because the needs are so great, I can't stress enough the importance of bringing these issues to the forefront. These are people's needs and areas of concern very close to my heart. We are talking about my friends, my neighbors and how you can make a difference in our lives. How you, how we can give hope to an otherwise futile situation. We all need to help each other. That is why I appreciate the opportunity of addressing you this afternoon.

That is why we want you to know how life is in public housing, how we work very hard together with the San Antonio Housing Authority, what Apolonio Flores, executive director of San Antonio Housing Authority, has done to bring about so many of these accomplishments.

For years, Mr. Flores has been there for us. Under his guidance, residents have come to know that family self-sufficiency empowers residents with education, job skills, and a positive self-image. Because he believes in us, we have resident businesses like lawn services, janitorial cleaning operations, a washateria, and the chance for residents to gain on-the-job training while employed at several of SAHA's development offices.

Under his guidance, residents have come to know that family self-sufficiency empowers residents with education, job skills. We know the difference more money can mean to the San Antonio Housing Authority. But, budget limitations restrict what he can do for the residents of public housing.

We have been working very hard trying to get express newspaper that refuses to go into the projects and give us a paper. They refuse to deliver a paper to any of the courts. I have asked them why and they never gave me a good answer. But we are working trying to get the papers to come into the courts, working with the comprehensive design team, AVANCE. We are going to get together and see if we can't get this paper started in the projects.

I would like any help that you can give me on this. They just refuse to give us the paper. I don't think it is fair.

I want to thank you very much for giving me the opportunity to speak to you. We have started; please let us continue to work hard together. Thank you very much.

[The prepared statement of Ms. Lowen can be found in the appendix.]

Chairman GONZALEZ. Thank you, Ms. Lowen, very much. Let me say before you proceed that we also lost the Secretary of HUD by the long hearing we had over at the other location. Secretary Cisneros was with us throughout the first part of the hearing. In fact, he overstayed 2 hours. He had to leave because he had a plane to catch.

We thought that if we stuck to the schedule he would have been able to be here with us at least for a half hour or so. But he was not able to stay. However, Mr. Apolonio Flores is here. He sat in that cold hall all morning long. He is taking notes. Of course, we want to express our gratitude for the cooperation that his office has

given us in the matter of not only staffing, but also transportation and the like.

I would also like to introduce to you the new—he was not then, he worked hard and, in fact, did the work—but he is now the director of the staff of the Subcommittee on Housing of the U.S. House of Representatives, Mr. John Valencia. He is the son of retired Fire Captain Valencia of the San Antonio Fire Department. He is now the staff director of this subcommittee.

Also with him is a young lady attorney who is an associate counsel for the subcommittee, Ms. Angela Garcia.

Mr. Garza, thank you for your appearance.

STATEMENT OF OSCAR GARZA, FORMER RESIDENT, ALAZAN- APACHE COURTS PUBLIC HOUSING DEVELOPMENT

Mr. GARZA. Good afternoon ladies and gentlemen, distinguished panel, and Honorable Congressman Henry B. Gonzalez. First of all, let me thank you for giving me the opportunity of being here today.

My name is Oscar Garza. I have spent most of my adult life in and around public housing. I have lived as a resident of public housing and have coached resident youngsters in all kinds of sports. I am proud to tell you that if there is anything I can do in this life to help a fellow resident of public housing, you can bet I will.

I have dedicated my life to carrying on what my younger brother, Isidro Felan, started. He coached kids in sports so that it would give them something else better than crime and drugs. The thing about it is that he lived his life for kids and his life was taken by kids. He was beaten to death by kids, just for a pair of shoes, which proves the point that we must give our kids the love, attention, and education they need so much so that they will have something to live for and so that they will learn life is a precious gift no one has the right to take away. It is up to us, the parents, to give our children at least this much. We need to do all we can working together to try to bring about a change, a hope, for a better life.

The way I see it from my experiences, the most important thing we can give each other is respect, respect for ourselves, for each other, for our families. Without respect, we are nothing.

San Antonio Housing Authority has played a very important role in my life. It has given me and my family a chance for a way up, not out. It has given me a job with a purpose. For years, I had done volunteer work coaching kids from public housing.

Now, as Sports and Recreation Coordinator, I am being paid for what I had done free for years. And I am proud to be a positive role model for the kids. That is what they need, something good, something decent, to look up to and work toward.

I can tell you there a lot of things that the San Antonio Housing Authority has done for the residents of public housing. By giving residents a chance to learn job skills, tutoring youngsters with their school work and helping adults in getting GEDs so that they can better themselves and their families. That is what family self-sufficiency means to us. It is giving the entire family hope to do better, a sense of pride in ourselves, and the way for dreams to come true for our future, our kids.

If I had to concentrate on one of many problems we face in public housing, it has to do with crime, gangs, and violence. One answer has been the SAHA Sports and Recreation Program. We have been able to impact on youngsters' lives and their parents' lives by involving them in this program. We have been able to give youngsters an alternative to something constructive other than drugs, gang activities, and just hanging out with the wrong crowd.

When we take them under our wings, we, residents and SAHA management staff, take them away from the crime element that is very strong. Filling up their time with organized sports makes them change their lives. Instead of being out on the corner, waiting for something bad to happen we have them with us in a recreation hall, or in a school gym, or at a basketball court, but we are there with them teaching them the right way. They are not alone.

We give them attention and guidance. But, there is only so much we can do. In order to do more in this area, we need more money. Apolonio Flores has been more to us than just an executive director of the housing authority. He has been our friend. He cares about what happens to us and our families. He has shown us that we matter. But more than his compassion, we need to tell you that we need your support to continue these efforts of family self-sufficiency and sports and recreation programs we have at SAHA, and your support must mean money for programs like these.

Serving our residents, the entire family, "toda la familia" as a unit has been our main focus. We try to keep this idea alive. This is an every-day job.

Getting kids' attention through sports, we have the chance to teach them more than a basketball or baseball game. We get to teach them how they can look forward to something better. Through the Sports and Recreation Program, we reach hundreds of youngsters.

Our area of concentration includes: S.J. Sutton Homes, Victoria Courts, Lincoln Heights Courts, Wheatley Courts, Spring View Apartments, San Juan Homes, Alazan-Apache Courts, Villa Veramendi, Cassiano and Mirasol Homes.

We work very hard together to provide and promote drug-free activities and have year-round sports programs. SAHA works with the Police Athletic League, Boys and Girls Scouts, Just Say No to Drugs Clubs, as well as many volunteers who join us in our task.

I cannot say enough about what SAHA has done for residents of public housing. While the need is ongoing, we hope that the funds will also be there to continue this commitment. Under the leadership of Apolonio Flores, we have many dreams yet to realize, but with limited funds, our hopes are restricted, too.

I am proud to talk to you today, but more than that, I thank you for listening to us and to our needs. Thank you very much.

[The prepared statement of Mr. Oscar Garza can be found in the appendix.]

Chairman GONZALEZ. Thank you, Mr. Garza.
Mr. Caballero.

STATEMENT OF ROGER CABALLERO, EXECUTIVE DIRECTOR, VICTORIA COURTS CHILD CARE CENTER

Mr. CABALLERO. Congressman, I want to thank you for the opportunity to testify before the Subcommittee on Housing this afternoon. This afternoon I will focus on the need to provide social services in general, and in particular, child care for residents of assisted and public housing.

My name is Roger Caballero. I am the executive director of the Victoria Courts Child Care Center. The center is a private, non-profit agency located in the Victoria Courts.

The center has provided child care services to inner-city, low-income families, primarily residents of Victoria Courts for 25 years. The center has worked in cooperation and partnership with the San Antonio Housing Authority in meeting the child care needs of its residents.

The center's mission is: "To enable families to become self-sufficient by enabling parents to enter job training or seek or retain employment."

This mission is carried out through a belief that services would be provided utilizing a holistic approach. I strongly believe that unless the holistic approach is used we will not be successful in enabling families to move toward, and eventually become self-sufficient.

Take job training, for instance. It cannot be provided in a vacuum. Many, if not all, of the families who need job training, must have child care to be able to participate in training. These two services must be provided simultaneously. Coordination is a must if this is to happen.

Unfortunately, sometimes this coordination is hard to come by. Over the years I have seen the frustration when a family must pass up on-the-job training for lack of child care. And I have also seen the reverse, where a family must give up child care because they could not locate job training.

Because of this firsthand knowledge and experience, and because there has long been a documented need for qualified child care workers, the center developed the Early Childhood Teacher Training and Jobs Program.

The goals for this program are twofold: To increase employment and the standard of living among San Antonio and Bexar County low-income, disadvantaged families, who rely on public housing and other public assistance, by empowering these families with salable skills that will enable them to move toward and eventually become self-sufficient.

To impact the quality of center-based child care services in San Antonio and Bexar County by providing center-based child care programs with trained and experienced substitutes, and a qualified pool of workers from which to fill child care job vacancies.

The Early Childhood Teacher Training and Jobs Program departs from traditional training methodologies. Traditional training models, where trainees spend a long time in remediation before being eligible for skills training, have failed this target population in the past.

The Early Childhood Teacher Training and Jobs Program's combination of simultaneously providing theory courses and on-the-job

training has proven successful. Eighty-five percent of program participants successfully complete the program. Of that 85 percent who graduate from the program, 100 percent are placed in child care jobs. The program's success can be attributed to its meeting two community needs, training for low-income disadvantaged individuals, and making available qualified child care workers.

Program models calls for: 2-week screening/pretraining programs; 15-week child care job training program. This program is a combination of classroom child care courses, First Aid and CPR instruction by San Antonio College and on-the-job training by the center.

Graduates of the program are hired as substitute child care workers to staff the center's Child Care Worker Substitute Pool Program. Program graduates have the option of hiring on with any of the center-based child care centers that contract with the substitute pool or of remaining employed as substitute child care workers.

This program was recognized and honored as one of the "Best of Texas" in 1992.

The Best of Texas Yearbook was planned to celebrate the achievements and successful activities of hard-working professionals and community leaders throughout Texas. The best programs in this book are those that have identified a difficult issue, explored solutions, and taken risk to find an answer.

They are programs that frequently started with few resources and struggled to secure financial support. Many of them employ very unusual strategies to help families. Being the best for this book is not about being the biggest or the oldest agency in the community. It is about being the most resourceful. It is about breaking the traditional pattern of service and experimenting with new ideas.

In spite of this honor, recognition, and proven track record, this program has yet to succeed in securing government funding.

The program was started in 1988 with a private foundation grant. Since then it has operated on a shoe string budget, and has each year been in danger of falling by the wayside. In fact, were it not for the cooperation and support from the San Antonio Housing Authority, this program would be no more.

I strongly believe that this type of program, where a holistic and partnership approach is being used, and proven successful, should be given stronger funding consideration from government agencies and programs.

Again, I want to thank you for the opportunity to present this to the subcommittee. I will be glad to answer any questions that you may have.

[The prepared statement of Mr. Caballero can be found in the appendix.]

Chairman GONZALEZ. Thank you very much, Mr. Caballero. Ms. Russ.

STATEMENT OF BLANCHE A. RUSS, CHIEF EXECUTIVE OFFICER, PARENT/CHILD, INC.

Ms. RUSS. To the Chairman, the Honorable Congressman Gonzalez, to my colleagues that I share this panel with today, and to

the staff and to everyone assembled, I first want to say that I am very happy to have had the opportunity to share with the Congressman and those persons who are interested in the way of life for our children and our families. Thank you for this opportunity, and I will try to address the issue dealing with the need to provide social services to residents of assisted and public housing.

The great need to provide social services to residents of assisted and public housing in San Antonio is simply overwhelming. The 5,247 families currently on the waiting list for public housing and over 25,000 on the waiting list for section 8 housing, affordable housing in San Antonio for these families, is at an all-time low.

Partnership for Hope's study reports that 19 percent of all households in the San Antonio metropolitan area in 1990, 87,200 of these households fall within the poverty level or under the poverty level. This is a very noticeable increase from the 16-percent figure in the American Housing Survey for the San Antonio metropolitan area in 1986 and substantially higher than the average which was about 14 percent at that time.

As we look at this problem and we try to address the issue, we find that the San Antonio Housing Authority also operates 62 public housing developments that contain 8,032 units. The waiting period for a unit can be as long as 3 to 6 months, depending on the family's need. So you see, it is not an issue whether there is a need for additional housing; that is really not an issue. That is a blatant fact.

What I want to attempt to address, Mr. Chairman, is some way that if we can hope to reduce or retard or do something to put in place a system that will make social services more readily available, affordable, accessible, and usable by citizens that reside in assisted housing or public housing in San Antonio.

I feel that a one-stop shopping facility is really the way to go. We need to be able to provide for our families a place where they can go to get the services that they need without running around all over the city of San Antonio. I have come to this conclusion over a period of 24 years working with children and residents living in housing projects within San Antonio. As a matter of fact, we currently operate in nine different San Antonio housing projects, so we have a little bit of sense for the feel of what is needed.

A one-stop facility would provide the needed social services and the most ideal method of providing these services for families. We must ensure that these services and the provider of these services are sensitive to the needs of our families. They must be able to speak the languages of the families that live in our housing projects, and we must ensure that we do not try to impose values on the people that live in the housing projects simply because they are human beings and they have a lot to offer.

Every human being has strengths and every human being has weaknesses, and I feel that it is long overdue that we come to realize that residents that live in housing authorities have a lot of strengths, they have values, they have morals, and they are not the kind of people that a lot of people like to label as those who don't work. That must be the mindset of the staff that we would staff the one-stop shopping facilities with.

Then we would need to be able to conduct a survey to realize what are the needs of the residents. Once these needs have been identified, that is where we sit down and we begin to develop a plan of action to get the residents from point A to point B, if that is their desire, and taking them at the pace that they want to go, not by insisting that within this timeframe you must have accomplished these number of goals.

There must be very small milestones, because every human being feels good when they can accomplish a goal. And you must begin with very small goals and then progress on them until we get the goals a bit larger and, of course, reach our goals. What should a one-stop shopping facility look like?

I am persuaded to believe the following activity must be a very vital part. There must be job training, there must be substance abuse education awareness and treatment, there must be literacy training that will speak to English as a second language to adult—just plain adult basic education. The kind of adult basic education I have reference to is the kind that it takes to get you from downtown to do your shopping, catch buses, get a job, and access the existing services, parenting skill building and training, health and dental services, nutrition services, prenatal, postnatal as well as well-baby health care services, immunizations, family counseling, individual counseling, recreational activities for the parents, the adult children that live with the parents, the high school children, middle school children, and preschool children.

There must be gang awareness and protection training provided, and of course, none of this could happen without quality child care. All of this must be accompanied by quality child care.

I must agree with my colleague, Mr. Caballero, that it has to be a holistic approach. We must get families from a dysfunctional state to a functional state, and this cannot be done overnight. It cannot be done by talking to families. It can only be done by bringing families into the planning process, talking with families, and helping families assess their strengths, admitting to their weaknesses, and being willing to get into a process that will make them become self-sufficient.

Self-sufficiency is something we have talked about for so many years, but the time is now right that we do something about it, and we must make the opportunities available, work with the families to change their mindset so that they will work in harmony with all the services I have just addressed and the one-stop shopping center so that they can become self-sufficient.

I am just ecstatic about the fact that those families we have worked with over the 20-plus years and these nonexistent housing projects, we have seen a remarkable amount of accomplishment and success. These children are in school and they are making good grades, the parents have built their parenting skills, and they are living a quality life. I do believe if we can accomplish this, we will transition families out of housing projects into section 8 homes and they will get out of section 8 homes and we will transition them into the greater, larger community here in San Antonio. And, of course, they will not only make the city a better place, it is going to make the Nation a better place.

As I tell the teachers that work for me all the time, you need to be very cautious how they deal with all children because how do we know, we might be training up another Congressman Gonzalez, and we don't know who will have charge of our future and who is going to be deciding on Social Security, who is going to be hosting another subcommittee on housing, so we need to be very careful.

We need to teach and we need to take with much care all of the things that we try to bring to our families that live in our subsidized housing, live in housing like we have here in Alazan and all of the 26 housing developments in San Antonio to help them be a lesson, to help them build a sense of pride and realize that they are contributing citizens. And I do believe a one-stop shopping is the kind of way we should go in order to build better Americans, better Texans, better San Antonians, and to build a better mankind.

I think through the help of God and through dollars from our government, help from these fine residents and presidents who have spoken today and through people like Mr. Flores, the mayor, and everyone that is concerned about mankind, I think we can change this. Through social services, we will be able to bring to San Antonio those kinds of things from worthwhile citizens.

Thank you very much.

[The prepared statement of Ms. Blanche Russ can be found in the appendix.]

Chairman GONZALEZ. Thank you very much. I should take this opportunity—we introduced Angela Garcia, the co-counsel—to introduce Rosa Garay sitting next to her, who is also a professional staffer on the Subcommittee on Housing, and comes from San Antonio and from working with HUD. She was a HUD employee and we were able to spirit her away.

Now, Ms. Garcia—I will just let you think she is a San Antonian because she passes for a San Antonian, but she is actually from the great State of Arizona. I have known her father for many years. I couldn't believe that this young lady now, Miss Garcia, was the little girl that I first remember meeting when I met her father back in Arizona in Tucson.

I believe, also, I should advise that Mr. Clinton Jones is with us. He has been with us this morning. Mr. Jones is a professional minority staff member; that is, he represents the minority staff of the Subcommittee on Housing. I should introduce him and ask him to stand so we can recognize him.

Well, I know that I have been derelict in delaying this so long, and we have got to go on, and go to Lincoln Heights, but I have some questions I thought I would ask now. I may have some that I will send in writing to you. The transcript, the record of these proceedings, will be mailed to you so you can look them over and correct them or add to them or delete whatever you deem advisable.

This was very important testimony.

Ms. Castillo, you mentioned helping out in your capacity as the head of the tenants association and also your associates in the case of evictions.

Do you have many evictions?

Ms. CASTILLO. Well, lately we have been having quite a few because every time there is an eviction, our Casas resident counsel and our organization is there to help them, and it comes to where it is an eviction, we are seeing like I stated, that the contract would help us from trying to avoid those evictions because we will help them once a year, twice a year, help them pay their rent.

If they don't have the money to pay their rent and it has been an emergency for whatever reason they can't pay their rent—it has to be a good reason, too—we would say, well, we have some work that you can do for us, and we will credit you for your rent, and we can work something with the housing authority in trying to, instead of being a process of eviction, we can try to work something out with the housing authority in stopping all these evictions, you know, that if it is a problem of the money, that for whatever reason, they don't pay their rent.

But we are not going to do it every month. We are just going to say that they can qualify once a year, twice a year, for those people that can't pay their rent, you know, due to some—whatever problem they have. This is what I was suggesting.

Chairman GONZALEZ. Of those cases, then, that come to your attention on the basis of confronting eviction proceedings, the majority of them are, in your experience, because of default in payment or failure to pay rent?

Ms. CASTILLO. Well, it is about 50 percent, maybe.

Chairman GONZALEZ. What is the cause for eviction of the other 50 percent?

Ms. CASTILLO. The others are cases in which they have been told by the managers. There are different reasons: Say, like they didn't comply to their lease or there is stuff that needs to be paid. I mean, the housing authority has been doing inspections every year, right? They do inspections every year, and the residents don't know about wear and tear, and some residents will end up paying wear and tear stuff that they don't know it is considered wear and tear.

So that is where some of the evictions come into, they don't have enough money to pay their charges for stuff that is considered wear and tear, and there isn't this note until they go to our Casas and they get somebody to help them and they look into their wear and tear stuff, but they don't have to pay for it, so then we end up going to the legal procedure and we help those residents.

Chairman GONZALEZ. Do you have many cases in that 50 percent of eviction based on disruptive activities on the property?

Ms. CASTILLO. It is rare that we get—say, about 10 to 20 percent that is on that.

Chairman GONZALEZ. Any for consistent, sustained disorderly conduct?

Ms. CASTILLO. Some are what they call—we have about 40 percent that are like, say like they call it harassment from the housing authority due to that they went to somewhere to speak or something.

Chairman GONZALEZ. They went where? I didn't catch it.

Ms. CASTILLO. They go up and testify in front of somebody.

Chairman GONZALEZ. I was coming to that. You mentioned harassment. If a person has testified, I want to hear about that.

Ms. CASTILLO. Say like we have, I have it in document in the past that there has been a lot of people, a lot of our leaders that have been evicted because of when it comes down to testifying in front of somebody important or something about the problems that we have in the projects, they end up being harassed in different ways. The housing authority will find whatever little thing to get rid of them, in other words.

I have it documented and I will submit it to you in writing, statements from the residents, the problems that I am saying because there are a lot of different, you know, problems, and I cannot talk about every one of them, but I will submit to you in writing the cases that we have.

Chairman GONZALEZ. You also said that you received quite a number of calls for help from other housing complexes or projects.

Ms. CASTILLO. Yes, sir, we have.

Chairman GONZALEZ. What kind of help is usually requested?

Ms. CASTILLO. Well, some of them are that the managers went up there and told them, verbally, that they have to move out, and they are just frightened, they don't know what to do, so they call our Casas and say, "What can I do, I am being told by the manager?"

And then we—the ones who work at the Casa—say, "Well, did you get it in paper, in writing?" They say, no, they just said it verbally, but they told me I have to be out by this date, and it is just verbally, it is not written down.

The procedures are not being taken right with the housing authority due to the evictions. They don't tell the residents they have a hearing, a formal hearing. A lot of residents don't know. They just get that eviction paper and they move out. They don't know the procedures until they go seek for help.

Chairman GONZALEZ. Well, earlier this morning, I stated that I had worked for the Public Housing Authority between 1950 and 1953. In fact, I worked for Mirasol, it was the summer of 1950 and I left in February or March, I believe it was March 1953 because I made a decision after I was visited on the premises of Mirasol by a group of businessmen. I accepted their invitation to join the ticket to run for the city council, so I had to give up that job.

But the interesting thing is that when I completed the work I was hired for at that time, my title was assistant director in charge of land acquisition and family relocation, we had relocated 454 families, and not a one of them by any eviction process. I got cited for that by the National Association of Housing Officials at that time.

Since then, that association is known as NAHRO, Housing and Redevelopment. When we completed the job of land acquisition, family relocation, and when the units began to be built, the director, Miss Marie McGuire, was under very heavy criticism by the newspapers. Almost daily they said that she had gone overboard, that they had overbuilt public housing, that there wasn't any land, and she kind of got defensive.

So when I announced that I felt I had completed my job and I was leaving, she said, "Oh, please don't, we are about to open up Mirasol." Mirasol was a 500-unit complex that was built on unoccu-

pied land. It was probably the only one that we built on totally, 100 percent unoccupied land.

The tract of land on which that project sits used to be the Ferdinand, Dr. Ferdinand Curve, estate for which I negotiated. They found out we were building public housing, but we were successful and we got it.

So I said, "Well, Miss McGuire, what do you want me to do?" She said, "Well, I want you to do what you can to help me get Mirasol homes opened, because if we can't get at least 100 tenants within 2 months, why, we will really then be up against it." I said, "well, I don't have a problem with that."

She said, "I need your help." I said, "All right, I will tell you what I will do. I will go there or I will work on that provided that I get the first 100 families in less than 3 months, whichever comes first. After that, I am leaving."

Well, I no sooner had offered my services, then they wanted to open the application offices down at headquarters then on Victoria. I said, "Well, I don't think that is going to work, because you are not going to get those families that really need it to go all the way downtown. So if you let me, why don't I use a one-bedroom unit right there on the corner of San Fernando and what used to be Stevenson Road, now McMullan Drive, General McMullan Drive."

So she did. And I was in a little place there, one bedroom, with a desk, and sure enough, it wasn't long before I had one helper by the name of Rolando E. Nueva, who stayed with housing for several years. He was brand new. In fact, they hired him for that purpose.

So it wasn't long before I realized that, gosh, we had no help. We had more than 100 families in less than 30 days. Then the question was, well, there is always a problem, you know. Please stay with us so we get the percentage of payments of the rent, otherwise we will have a problem.

So then I said, wait a minute, I can't do that good. It ought to be on the premises. So what I did, I went and announced to my wife—who at first didn't know what to do, whether to throw me out or leave—and I said, you know what I am going to do? I am going to go over there and just spend the night, I am going to live there.

Now, I will come here and have breakfast, and I will come here and have supper, but I am going to stay there until I leave. Well, it was the best thing I ever did because I had a chance to know, and meet people almost daily, nightly. And I saw problems, and I saw families that had no experience in having their own place, even if it was rented, it wasn't their own, but where they could feel that they had something to really take care of.

There were some who just didn't have any experience, because they hadn't lived in that place. In fact, in some cases, they had lived in dirt floor shacks. So I realized that there was a process we would have to go through which was supervising families. They don't have a property right sometimes, and if the percentage of those families is relatively low, you can address it.

I discovered that people were great. I mean, I was happy there and even reluctantly when I did decide that I would run, I was reluctant because I got to where I kind of liked that environment, the people. In fact, I organized what we now call a tenants organiza-

tion. We didn't call it that, we called it a club. And we had a garden crew and a cleanup crew that would patrol the grounds, make sure they were clean.

I was able to get some donations and we were able to buy shrubs and whatnot, but the residents did the planning. And so the people were there, in other words, but I also realized that I had a very minimal exposure to that very serious responsibility. Then later, with the restrictions and the constant difficulty of your administrators on the local level, I was unable to count on the flow of income that is necessary to do good sustained management on the planned basis.

You know, the Congress has been very erratic. Incidentally, public housing is still very difficult to fight for for reasons that go to the very beginning of public housing. The men who started public housing in San Antonio were Father Carmelo Francesco and Arguae Guadalupe. I first became exposed to public housing because I was in college, and all of my friends lived in this area. And I practically lived myself in this area, and we got to know and love Father Francesco.

There were ruffians. You talk about gangs, why there were ruffians hired to disrupt the meetings that he was calling and stone him, but we put a stop to that. I remember with nine other of my astute mates out-rucking the rucksters and chasing them away and making them never want to come back. So then it succeeded.

But the leaders of the community, the homebuilders, and the realtors, were very, very adamant, as well as strong and mean, about being against public housing as a philosophical concept. It was called socialism. But I could see the difference. And I remember the first families that moved in, some of them were very good friends of mine for years, and as I said earlier this morning, there were big differences.

This was before the war had actually gone on, and the families were poor—we were not poor; we were broke, but we weren't poor. We had strong family unit ties. Today for many reasons, our country can't expect to continue the way it is. For instance, with housing, the country is in a crisis. It has been in a crisis state for not less than 8 to 9 years, throughout the country, not just in San Antonio.

In New York, you have almost 200,000 in need of housing. Well, if you were to count those they took off the rolls that are on the waiting list, 200,000 families seeking public housing. And in cities like Chicago and Philadelphia, you had areas that were—we were visiting one area in Philadelphia. We had planned just 2 weeks to visit this area before it was bombed. It was firebombed by police. Where do you think that area was? It was among the poorest section, eight killed, women and children.

That was one of the first of the horrible times in our country. We have things now—and I have been saying this on a national level, I have told Presidents this—that you can expect our country to have social disturbances of the most serious kind. You cannot treat human beings—I don't care whether they are Americans or Russians or Asians—the way we treat some of our citizens.

In 1935, President Roosevelt came to San Antonio, and he brought Mrs. Roosevelt with him. Then-Congressman Maury Mav-

erick, Sr., took Mrs. Roosevelt, Mr. Roosevelt couldn't make it, on a tour and showed her the slums. That is what public housing developments were called. And Mrs. Roosevelt said, yes, it is bad, but let me tell you something, you can at least see the sun.

Mrs. Roosevelt said, "but you come with me to the Bronx in New York or to Philadelphia or central Chicago or Detroit for that matter, or to Harlem, where I can walk you into a dwelling place where you can't see the sun, where privileged families are living in one and two rooms with a hole in the floor.

And I remember Maury Maverick, Sr., making the comment that, gee whiz, what a comparison. He had been trying to show her what a bad situation San Antonio faced. Well, of course, we did. We had tin shacks, cardboard shacks, dirt floor, no running water, row houses over off of Guadalupe Street with 12, 13 families using one fountain, drinking fountain and one pit privy.

So what I am saying is that this area is a very difficult area to work with as an administrator. The director is here taking notes, and we will check with him to make sure that there is some communication with you and the needs you discussed.

Ms. Lowen, I wanted to thank you for the great work you do over there and the tenant organization you brought about and the help you have constantly given. I think we have met before, if I remember correctly. But anyway, you said something about the tenants having to paint their own apartments?

Ms. LOWEN. Beg pardon?

Chairman GONZALEZ. Paint their own apartments?

Ms. LOWEN. Yes, other people have to pay to get their apartments painted.

Chairman GONZALEZ. Well, excuse me for interrupting you. They have to pay the housing authority?

Ms. LOWEN. They have to pay someone to come in and do it for them.

Chairman GONZALEZ. Does it have to be the housing authority?

Ms. LOWEN. No.

Chairman GONZALEZ. Do they request the housing authority to do it?

Ms. LOWEN. No, I don't think so, but they issue paint, but we each have to paint our own apartments.

Chairman GONZALEZ. Well, if the dwellings need painting, why is the request not made of HUD maintenance to do it?

Ms. LOWEN. I don't know.

Chairman GONZALEZ. Well, I can almost anticipate the answer.

Ms. LOWEN. I know they pay quite a bit to get someone to come in and paint.

Chairman GONZALEZ. I know that the funds have been constantly a problem, for instance security. Well, take child care. Do you know how long we have fought to require, in law, that housing authorities must provide child care services? I have been trying to get child care since 1974, and we were always prevented in the committee, and in the Congress. What is the matter? People are unwilling to spend money for that service for public housing residents.

So you can imagine how much more difficult it is when you talk about law enforcement and security monies. So it is difficult. I

mean, the plain fact is that even at the top of the period that the maximum percentagewise of the budget was allocated, it was a fight. Remember that the last realistic housing budget was 1980, Jimmy Carter. And ever since then, it has been a fight.

Even then, if we were to have provided housing for all eligible Americans, it would have taken 10 times, that is 1,000 percent more than what we were allocating at the top level of allocations of the Federal Government for housing. So we never, never have really diverted the resources to that commitment of providing every American family the poorest of housing, and that means public housing, on up to safe, decent housing.

I am not talking about ownership, I am talking about just plain safe and decent housing. Shelter is one of the three absolute essentials in human existence, no matter where you live in the world. You have to have clothing, you have to have food, and you have to have shelter.

So if our country retreats, as it has for the last 13 years, from a national commitment to housing, you can rest assured that these litany of reports and complaints about these terrible things happening to our people are not only going to continue, they are going to reach a point beyond which this country can look to social disturbances. It is inevitable.

You don't have to be a prophet to know, and I said that since the beginning, the effect was immediate. By 1982, we knew what happened with the results of the 1981 cutback. It was obvious. And, of course, since then, all we have been doing is just what we are going, filing on, but nothing affirmative, nothing creative, nothing constructive to address the tremendous need for shelter.

So education, an integral part, goes hand in hand—the same thing—for we have had a retreat from that. I think, however, we have great hope and promise. Particularly when I see men like Secretary Cisneros that are willing to dedicate themselves to this kind of work and accept and take on the job of Secretary of HUD, probably the most difficult of all, I then have hope.

In fact, things have happened that we haven't been able to get happening in the last 30 years until now. So I will just wait until we go over to Lincoln and address two or three other questions.

What I wanted to ask Mr. Caballero was, what is the population now of your child care center?

Mr. CABALLERO. It runs—historically, it has run about 70 or 75 percent housing residents there.

Chairman GONZALEZ. I see. Well, I visited there and it was fairly new 3 years ago, wasn't it?

Mr. CABALLERO. Right, 2 years ago.

Chairman GONZALEZ. I think it was new as far as HUD support or rather housing support. But I have never understood why we had such opposition all along to developing that and provisos for security funding.

You see, when you have to depend on an insecure source of funds, it is difficult to administer. These are tremendous operations. The sum total that you have, as Mr. Flores reported this morning, would support a town really the size of 25,000 in population which represents the public housing tenant population.

So child care is always something that it seemed to me years ago was indispensable, but for some reason we have had great resistance. But this helps us because we can go back with the testimony we have had. We also have our legislation we prepare based on this and the need and concentrating the need so that the administrators will have the policy, established by Congress, enabling them to get the funds authorized. So that is why these are indispensable hearings.

Let's see. I will go on and Ms. Russ, your one-stop facility is very practical, but the diversity of services you have seen that would be centered there, I don't think you look for the providing of those services right then and there. Can you enlarge on that a little bit?

Ms. RUSS. Yes, I would like to. In my talk about putting money into brand new services, because all the areas that have risk, these services currently exist in San Antonio, but in order for our residents to access them, they have got to go around to 10 or 15 different agencies in order to get them. Then they have got to qualify for each of these different agencies.

So with the one-stop, you could go into an agency, and if you qualify to live in public housing, you would qualify for all these other services that we are talking about. And the one-stop shopping would be through a network system. You could access that through computers and to whomever is providing the substance abuse counseling, whomever AFDC and health and all of these other services you could access the availability of them through a computerized networking system.

Once you would become eligible for one of those services, you would not have to go and fill out an application in 7, 8, 9, 10 different other places, hopping on the bus, wandering all around. And then you might qualify for this one, but you don't qualify for the other one. So, consequently, there would be too many holes that could not be plugged up. And if you want to get at-risk families out of an at-risk situation, the plugs, the holes have got to be plugged up.

Chairman GONZALEZ. Very good.

Ms. RUSS. We don't want to have our families—because a large percentage of the population is dependent on public transportation, and it means it would take them 3 to 4 days or 1 week to try to get around on public transportation to all of these entities that one would have to access services from, so that is what I am talking about, because we could not really have a facility, I don't believe, that would be large enough to house all of the services that the population would need to access.

Chairman GONZALEZ. Well, you know, that is noted. There has been supporting data for that. We will see what we can do to make sure that some housing official makes that decision. Certainly, there would be authority for it.

I also was very much impressed by your statement that the idea is to provide these eligible families or individuals, whoever qualify for public housing, with the means and the manner in which to graduate from public housing because that is the original intent.

The idea was never to make a permanent housing program for an eligible public housing tenant, but we are going through that now with the homelessness. When we started the Homelessness

Program, that is the one thing I said we don't want to do—because this is supposed to be emergency, we are supposed to have this on an emergency basis and emergency shelter just long enough to tide parents with children particularly, through a very difficult period of time because perhaps someone lost their job and therefore lost their home.

When we had our hearings in Washington, it was very disturbing to see that the average testimony we had from them was that over half had been homeowners, and of that half, about 20 percent had paid faithfully for not less than 15 years. Then they lost their job, the steel mill in Pueblo, Colorado, was closing down and 5,000 people were going out and they were getting rates on individual, single-family homes of over 100 a month.

So we tried to do something, but we couldn't get the legislation passed that we thought would help to solve that problem. But now we have institutionalized the program, and now you multiply the amount of the appropriation.

And we had a meeting of this subcommittee this last April at the homeless shelter there on Second Street in DC. In fact, Secretary Cisneros was there, and we had cases where individuals have been there 4 years, 4 years. But also the other disturbing factor that was there were tenants who testified, we allowed them to testify, who really should have been utilizing other housing programs, section 202, elderly housing, and transitional housing were available to them, and they were in what was supposed to be an emergency home shelter.

So, you know, unfortunately we kind of grow like Topsy. Therefore, I was very happy to hear you say that targets should be defined to reach a level where the families could afford to move out on their own from what was supposed to be a transitional or a temporary type of housing.

So Mr. Garza, I was very sorry to hear about your brother. Was he your younger brother?

Mr. GARZA. Yes, sir.

Chairman GONZALEZ. Was he a victim of violence by those groups he was trying to help?

Mr. GARZA. No, it was another group.

Chairman GONZALEZ. That is usual. I wasn't too clear. Are you employed by the housing authority?

Mr. GARZA. Yes, sir.

Chairman GONZALEZ. Very good. Well, you listed about eight different projects.

Mr. GARZA. There are a lot more, but I was just so—

Chairman GONZALEZ. But how many of you are employed as public housing resident's assistants?

Mr. GARZA. There are four of us right now, and we are doing right now—for four of us, we are doing a great job. We need more staff.

Chairman GONZALEZ. Absolutely.

Mr. GARZA. So far, four of us, we are working all over the city. We have everybody involved in sports. We even have some of the parents involved, too.

Chairman GONZALEZ. Well, Mr. Flores reported something this morning that made me very happy, and that is that an employee

on some of the programs that have been developing, are given priority in the public housing. Obviously, you are one of those because you said you lived in public housing.

Mr. GARZA. Yes, sir.

Chairman GONZALEZ. So that is wonderful. And I want to compliment you and thank you for the work you do among the youth. It is so essential. And you are right; once a young man, or for that matter a young lady, has something that they feel some pride of accomplishment in being able to do, whether it is boxing or whether it is playing tennis or baseball or something, he has been channelled into constructive areas. You have won over a child. So I wanted to compliment you on that. Thank you.

Well, let me say that other than these that I will submit in writing, I don't have any further questions. But if any one of you has any additional brief remarks or questions you might want to ask, I will be glad to entertain them. If not, well, then, we want to thank you for your testimony.

I am prepared to recognize some of those in the public that indicated to the staff that they wanted to address the panel. The first person I show listed here is Ms. Margo—oh, pardon me.

Before you leave the room and before I recognize Ms. Nibbs, let me say that I should recognize the director, Mr. Flores. He has been sitting there patiently taking notes and ask him if he has anything he would like to say now.

Mr. FLORES. No, sir, thank you. I think I made my presentation this morning and will be addressing some of the things which were said today. Thank you.

Chairman GONZALEZ. Thank you again. If I don't see you before, have a very nice Christmas holiday.

Ms. CASTILLO. Thank you for coming to San Antonio. Hope to see you again.

Chairman GONZALEZ. Thank you.

Ms. Margo Nibbs.

VOICE. She is not here. She had to leave.

Chairman GONZALEZ. Ms. Ann Salarosa. Ann Salarosa. I guess she had to leave.

Pastor Tony Salvo. Is the pastor, Tony Salvo, present? I guess he had to leave, too.

Ms. Virginia J. Maltby.

STATEMENT OF VIRGINIA J. MALTBY, RESIDENT, BURNING TREE APARTMENTS

Ms. MALTBY. That is me. First, let me thank you for making it possible for Congress to allow some housing for the elderly only.

Chairman GONZALEZ. Why don't you take that chair and that thing you see before you is a microphone, a very sensitive one. Is it all set?

Ms. MALTBY. You have made it possible for there to be elderly housing only, which I have talked to you about before. As managing editor for a chain of nine newspapers, I have public housing from the beginning. I have lived in housing for the elderly provided in San Antonio. I have served as president of the resident's association in public housing.

It appears to me that in housing, in the way of upkeep—when it gets bad enough, apply for more Federal aid to fix them up. I don't know how much money for maintenance has been provided this year in the operating budget.

On December 14, I made a request of our records from the housing authority. I am always having trouble getting records out of the housing authority, and the records I requested was the budget for Burning Tree Apartments which they recently acquired. I wanted to know the amount of rent collected to date.

I live in Burning Tree Apartments. I was paying \$440 a month then, and I don't see how some of those people are paying that much rent. And then I wanted to see the records on buying Burning Tree Apartments. And that was the only record I got, an application. And I asked for the application to purchase Burning Tree Apartments. The only record presented for examination was the resolution to purchase the property, passed and approved on August 25, 1993.

The title "president" was typed in at the conclusion of the document along with the secretary/treasurer, but no signed signatures for these persons were in evidence. Can this be a legal document without the signatures being on it?

Mr. William Cromwell III, was the person who refused to give me the public record. This is not the first time I have been refused the right to examine records of the San Antonio Housing Authority. In a letter dated November 21, 1988, Mr. Flores asked for \$500 in advance for records. I reported this to the State attorney general.

Are board members of the San Antonio Housing Authority using nonprofit corporations to hide how they are doing business and spending Federal, State, and city tax monies?

After forming the San Antonio Housing Facility Corporation with housing authority as directors of the corporation, on December 23, 1982, they approved a certificate for consent to act without a meeting.

The board of directors who were also commissioners for the San Antonio Housing Authority at that time were Guadalupe Torres, L.C. Rutledge, Robert R. Garcia, Edward L. Minarich, Jr., and Michael A. Garcia, Jr., according to official documents. The San Antonio Housing Authority commissioners are appointed by the San Antonio City Council, and the city charter says all committees shall be open to the public and allow examination of records.

Now, I think if they are going to do business without a meeting, that is keeping the public from knowing what they are doing.

[The prepared statement of Ms. Maltby can be found in the appendix.]

Chairman GONZALEZ. Miss Maltby, let me see, you said one was \$500?

Ms. MALTBY. \$500.

Chairman GONZALEZ. For what now?

Ms. MALTBY. For public records, I asked for minutes and some contracts and there were certain things. Well, I have got the letter if you want to see it. I just wanted public records, including minutes and some financial statements.

Chairman GONZALEZ. You were seeking the minutes of the Board of Commissioners?

Ms. MALTBY. No, I wanted to see the minutes of the corporation. That is what I asked for this time.

Chairman GONZALEZ. Oh, the corporation. Well—and you were told that you would have to pay \$500?

Ms. MALTBY. No, that was before. That was another time back earlier. He asked me for \$500 paid in advance, and he kept emphasizing the fact that I needed to pay the money in advance and all this. I think it was to scare me about having to pay for records.

I sent a request to the attorney general, and he gave me an opinion to the fact that they couldn't do that. I have copies of the opinion.

Chairman GONZALEZ. The attorney general said that he could do what?

Ms. MALTBY. He could not ask for \$500 for records.

Chairman GONZALEZ. No, I didn't think so. Well, the Freedom of Information Act, of course, would be available to you.

Ms. MALTBY. Yes, I am aware of that.

Chairman GONZALEZ. I don't know how easy or difficult it would be for just the plain average citizen without resorting to some counsel or lawyer, and I would hate to see that, but it seems to me that the most that was chargeable would be the cost of reproducing.

Ms. MALTBY. I just wanted to examine them. I didn't say I wanted any copies. All I wanted was access to see what was done. I didn't want anything, and you know, during regular business hours.

Chairman GONZALEZ. Did you finally get access to them?

Ms. MALTBY. No, I did not.

Chairman GONZALEZ. Even after the attorney general gave you his opinion?

Ms. MALTBY. After that time, I got some records, but this time, I was refused the records. This time, I was refused the records again.

Chairman GONZALEZ. And your purpose for wanting to see these records?

Ms. MALTBY. Was for my personal knowledge or print. I write articles and sometimes I submit them to the newspaper.

Chairman GONZALEZ. In other words, to write news reports concerning them?

Ms. MALTBY. Sometimes, yes. I am just free-lancing now. I am not working for any specific paper.

Chairman GONZALEZ. I was just checking. This is what we also are very interested in and to a certain extent somewhat concerned about. You have never written to me about this.

Ms. MALTBY. No, I don't know for sure. I may have.

Chairman GONZALEZ. I don't think so because I would remember. We have been asked other questions that have been directed toward us. This is an ancillary or corollary activity. We would usually, if the question was articulated, we direct it and then our interest would be from the standpoint of the administrative and other responsibility attached to the basic housing authority sponsorship of that.

We would have two agencies at our disposal. One is the General Accounting Office. The other, which is what I would like to go through is the Inspector General's Office of HUD.

Ms. MALTBY. I have had no other troubles with any other organizations. The city council or anybody have allowed us.

Chairman GONZALEZ. Have you ever contacted the director himself?

Ms. MALTBY. Mr. Flores?

Chairman GONZALEZ. Yes.

Ms. MALTBY. Yes. I reported this to the commissioners.

Chairman GONZALEZ. Have you requested that of him?

Ms. MALTBY. Yes, I requested records. I don't care who gives me the records. All I want to do is see them.

Chairman GONZALEZ. I mean access to the records, you want to look them over.

Ms. MALTBY. Yes, I requested access of Mr. Flores and that is why he wrote me a letter. But you see I don't mean to be antagonistic or anything. I just want to know what I can do according to the law.

Chairman GONZALEZ. That is right. That is your right as a citizen.

Ms. MALTBY. That is right.

Chairman GONZALEZ. In the case of the public area and you do have State laws that govern the meetings and deliberations of public business.

Ms. MALTBY. The city council appoints them. It also says all their committees and appointments shall be open to the public.

Chairman GONZALEZ. Well, I will stay in communication with you. I think we have your name and address. If not, will you please give it to the staff and we will be in communication with you as we proceed from the subcommittee level.

Ms. MALTBY. I really would like to ask a question about the corporations. I can't believe that they have the right to do business without—I mean without them being given directions. They appoint themselves as directors of the corporation and then they allow themselves to do business without results.

Chairman GONZALEZ. It appears to me that you would have certain rights.

Ms. MALTBY. We don't even know when the meetings are going to be.

Chairman GONZALEZ. Have you applied to your city council sources?

Ms. MALTBY. Not as much as I should have probably. Although I am acquainted with the city council and I probably should do that.

Chairman GONZALEZ. But in your search for the accessibility of the records—

Ms. MALTBY. I have written to the council. It was not this instance but in the other time.

Chairman GONZALEZ. But your own individual councilman.

Ms. MALTBY. Yes, Mr. Meek. Yes.

Chairman GONZALEZ. We will be in touch with you.

Ms. MALTBY. Thank you very much. I appreciate you having these hearings.

Chairman GONZALEZ. Thank you very much. Thank you for your interest.

Our next witness is Ms. Lozano.

STATEMENT OF RACHEL G. LOZANO, RESIDENT, REX APARTMENTS

Ms. LOZANO. I am here for the senior citizens and disabled people from the Rex Apartments. My name is Rachel Lozano. I live at 129 Apartment A. I am here to ask you four questions with regard to the things that I have seen since I have been living there that are horrible, a harassment and we have been abused, the senior citizens and also tenants, from one tenant to another tenant and that is what is my concern here.

I would like justice and that is the reason I am trying to help the people there to be treated fair and correctly because they deserve it. They are old people.

The first question I had is should a disabled person, that doctors requested a downstairs apartment for, live upstairs. I was told that they had to live upstairs if they are young people.

My second question is about AIDS. Are they supposed to live in that housing for disabled and senior citizens?

My third question is can one resident be removed from the premises when that resident is hurting and morally abusing, not only one time but several times and it has been reported. We turned in these reports and told nothing could be done about it. People that have been informed about it have not done anything about it.

Question four is: Can a resident that was in a small downstairs apartment—that is all there was at the time. The man was desperate for the apartment, but he also was told that when there was a large apartment downstairs it would be given to him. He is an old person. He is a sick person. He cannot take care of things or move heavy things. The apartment he is living in right now is very crowded. He is hurting his legs every time he walks around. He bumps into things and has pains in his legs. He is being refused the apartment.

Those are my four questions that I am here to ask in regard to my residence. I would like to see if I could get an answer.

Chairman GONZALEZ. Well, thank you very much. The Rex Apartments, 3 years ago when we had a hearing, we had a representative from the Rex Apartments. His name was Dominguez. I tried to remember whether his last name was Dominguez or what. He was very eloquent and pretty much decided the problems at Rex.

This morning the director advised the subcommittee that the Rex Apartments were one that they want to target for considerable, if not full, improvement because it is one of those buildings or structures that was acquired by the housing authority. It was not built by the housing authority. So it was not architecturally, and other ways, from every other standpoint, built from a public housing standpoint, so they are targeting it for a considerable replacement or reconstruction. As I understood the testimony this morning, it is one of the apartments that they are giving priority to.

So I think that on specific questions, I am almost sure that it is the Rex. Doesn't it have sort of a visiting manager or director? You don't have a resident.

Mr. FLORES. It is a manager, but not on the site.

Chairman GONZALEZ. Not on the site, that is right. Mr. Flores is there. You might be able to take advantage of this time to take up a couple of specific cases. But as far as the need to address going over that apartment complex, that is the intention. In fact, I think the decision will be made to allocate some funds for that purpose.

Ms. LOZANO. Also, I was told by a lawyer, a Ms. Amendez, that she received a letter from HUD recently stating that young tenants had to live upstairs.

Chairman GONZALEZ. That, again, I will tell you is an administrative function. I don't know that the Rex Apartment is housing for elderly or if it is, if it has a mixed population. Why don't you ask Mr. Flores, the director or his assistant and then we will go from there.

Ms. LOZANO. All right.

Chairman GONZALEZ. Well, I apologize, but I think we save the best for the last, Miss Mary Lou Casillas.

STATEMENT OF MARY LOU CASILLAS, RESIDENT, CASEY APARTMENTS

Ms. CASILLAS. Thank you, Mr. Gonzalez. I have known you for years. We have been friends.

Chairman GONZALEZ. We have been having that privilege, going back a long time.

Ms. CASILLAS. Yes, we do. You have always been a wonderful person and you have always helped me when I needed the help. I hope we have more people like you up there because you have been wonderful. I am coming now as a resident. I know Mr. Flores is here. Maybe he will be able to do something for us. But I have gone in the past with Mr. Cecil Torres who is now the manager.

Maintenance is very bad. That place, I moved in in 1982, it has been 10 years. When I moved in there at first that place was beautiful. You know the place.

Chairman GONZALEZ. Yes.

Ms. CASILLAS. It was a beautiful place, but it has gone down so much because the maintenance is bad. I have always stressed this all the time to Mr. Flores and he always says there is no money, but it has gone down very bad in and out.

That had always been my main concern because our place is mostly elderly even though now we have a lot of mixed, young handicapped and disabled in there. But you know that the AC in the summertime is usually so cold that if you sit down there you have to wear a coat or sweater. It didn't used to be that way before.

In the wintertime it is so hot sometimes that you can't stand it down there. Also they promised me when I was still president, that was about 1 year or 2 years ago, that we were going to have help. It was in the budget that they were going to clean the lower, the main office downstairs. They were going to clean it. It is very dirty. It needs painting. The wallpaper needs to be put up, new paper. I would like to see that some of that gets done.

I am speaking for myself and I am speaking for the rest of the people that live there. You know, Mr. Gonzalez, that I have always tried to speak for the people.

Chairman GONZALEZ. That you have.

Ms. CASILLAS. I have gone to you in Washington and everything. I have gone to HUD in Washington. I have always tried to speak for the people. At first I was afraid to speak up because they said if we would speak up they would evict you. But I said I don't think they can do it if you are trying to better yourself and try to do better for yourself and your people. That is why I am here today and telling you about those things.

Also, the security is very bad there. We have had a man living there now. He is it, a security man living on the premises, but I very seldom ever see him. We have had cars stolen. They have stolen TVs in there, the clocks, everything. Of course, this was before he came on board. But even now as he is still there we have had cars stolen, and batteries.

The management told the people, the ones that had cars, to take their batteries out every night so no one could steal them. That is very inconvenient for you to have to take your batteries out of the car at night. So I come to you with these complaints. I have talked with the board. I have talked to the managers and it is still the same thing so that is why I decided I would come and speak to you and see what you could do.

Chairman GONZALEZ. Thank you very much. It was one of the original highrises for elderly in this whole area. Again, let me say that to a large extent here again the national policymaking body known as the conference has a need for this. Here is why and it is not just in the case of the particular developments like Casey, but really all over and from the beginning in private developments.

In housing, particularly in multifamily dwellings you always have your capitalization. That is the money that is invested in construction and then always the proper way to build it is what we call a sinking fund for upkeep and maintenance.

Well, public housing has never been given that. That is why as late as 1969 we had to wait for the first modernization monies for public housing. That is modernization, so that whatever maintenance would do in the absence of keeping up to date what was necessary for these homes that were built for a projected lifespan of no more than 25 years.

At Alazan-Apache, when it was opened it was supposed to have a lifespan of 25 years. But the construction then was so honest, so solid, it was so what they called functional that here we have a magnificent hall that we can still meet in, but you have to paint it. You have to maintain it.

If the funds for that purpose are part of what you have in the limited purse for the purpose of administering the whole complex of public housing, whether it is here or for other developments, you know you are going to have problems. But it had always been a fight for public housing on all levels and in the Congresses especially. So you still don't have any in-law proviso.

You know all of this has a very intricate financing mechanism. You have bonds that the government involves itself in for the funding of "assisted public housing." Since the fight has been to pre-

serve public housing you had everything which they almost were successful in doing away with. In fact, in the 1990 housing conference, had I not stood there in the conference committee as one man and said, no, I am not going to proceed with this conference if you in the Senate insist on what you are insisting, we would have much less.

If we had accepted what the Senate wanted, then they would have eliminated the basis of financing, the intricate bonding processes that were involved in maintaining public housing. Fortunately, first one and then two Senators and, incidentally, one of them was a Republican, the one that started it.

I will tell you who it was; it was D'Amato of New York who said wait a while, I will not look this way. It was very skillfully written where we had to have good staff to discover what was being proposed. I said OK, you want to do away with this because you want to seek more efficiency, more cost-effective funding. Well, then it seems to me there should be a substitute for it. They didn't have a substitute.

They just wanted to get rid of it. That was just 3 years ago this last summer. At that time, fortunately, we were able to win. But it is that constant effort on the negative side that we always have to be prepared to confront. So you are, I am sure, a victim. I don't know, but we will find out.

We will make a series of inquiries to Mr. Flores at the proper time and he will advise us as to what is intended. One good thing you report is that they do have a security official.

Ms. CASILLAS. Yes, we have one on board. He is there.

Chairman GONZALEZ. Well, that is more than you can find around the country. Still you have other problems and you are re-reporting them.

I am grateful to you for taking the time and acting as a spokesman for the tenants at Casey. That is in the neighborhood where I was born. I was born not too far from Washington Street. The lady who was responsible for the construction as well as the Victoria Plaza was Ms. Marie McGuire, who I worked for later on.

In fact, it was after I left that she developed this concept for the first time in the South or at least in this part of highrise apartments for the elderly.

Now, I didn't think much of it at the beginning. I didn't think highrise was for us down here, but it proved that they certainly work.

Ms. CASILLAS. Casey is a beautiful place. It has always been. But it has really gone down in the last few years.

Chairman GONZALEZ. As it turned out, I had my misgivings, but I was not working for public housing then. I did communicate with Mrs. McGuire because I thought this was an attempt to translate, from up in the dense North, practices to the West that we did not have to have. We still had access built down here that you did not plan and still don't.

So anyway, be that as it is, I know that you are right. It is a beautifully designed place. So was Victoria Plaza. As a matter of fact, being that it was the first one, I had the privilege of bringing President Lyndon Johnson down to it on one occasion. That is how much we thought of it.

But the problems you state here are sad. With maintenance and upkeep, it should be possible to keep them in as near as possible original condition. So you can rest assured that your presence here is most helpful and we will communicate with the administrators and we will be back in touch with you.

Ms. CASILLAS. I would really appreciate it. Thank you, Mr. Chairman. I am sure happy to see you.

Chairman GONZALEZ. That is the least we can do for a lady who has been so dedicated.

Our last and final witness is Ms. Michelle Harris.

STATEMENT OF MICHELLE HARRIS, PRIVATE CITIZEN

Ms. HARRIS. I am going to make this as quick as possible because my kids are at home waiting to be fed. To make a long story short, this is basically dealing with bills. Can you hear me?

Chairman GONZALEZ. I didn't quite well.

Ms. HARRIS. I have been to so many churches for funds on utility bills and basically I have gotten over \$100 of funds for utilities. There are not many places that help you. They are running out of funds.

Chairman GONZALEZ. Ms. Harris, where are you living?

Ms. HARRIS. I live just down the street from here. So I am hoping I can get some help.

Anyway, there is just so much that I can do and so much that a church can do as far as utilities go. I don't understand why they are going up so high. I want to understand what exactly can be done.

Chairman GONZALEZ. May I ask you what your current rent is. What is the size of your unit?

Ms. HARRIS. I have a two-bedroom now.

Chairman GONZALEZ. So you say you have a \$100 utility bill?

Ms. HARRIS. No. Basically, altogether it adds up to that much. Now, recently I got another bill that I owe another \$60 that I am supposed to pay. It is just a lot of chaos, just put it that way.

Chairman GONZALEZ. \$60 for what?

Ms. HARRIS. Supposedly, it is stated as rent, but I have my stub stating that I paid rent.

Chairman GONZALEZ. Mr. Flores, your assistant is here, isn't he? We can, if you don't mind, take a little time and have you meet Mr. Flores' assistant. We will find out what, if anything, can be done and the reason for these problems and see what, if anything, can be done.

Ms. HARRIS. You want to know where your money is going and in whose pocket and what it is going for. You want to know where it is going.

Chairman GONZALEZ. Yes, certainly.

Ms. HARRIS. I want to know what is over the limit of utilities. I don't have an air-conditioner. I only have one television. I don't understand how the bill just rises so high.

I also have big rats and I have a 9-month-old baby crawling around on the floor and that concerns me a lot. It can get around his mouth and bottom. I am concerned about the size of them, also.

Chairman GONZALEZ. How many children do you have?

Ms. HARRIS. I have two children and I am 6½ months pregnant now. It is 2½. It is hard to be on the bus running from one church to another trying to get this money together. It is not easy at all.

I have other plans as far as schooling and education. I want to get out of here, but I cannot do that running from one place to another trying to get assistance. I want to see what we can possibly do about the situation.

Chairman GONZALEZ. If you don't mind, if you have the time to meet preliminarily with Mr. Flores and his assistant, we will go from there. Did you give us your address?

Ms. HARRIS. No.

Chairman GONZALEZ. You can give it to the staff.

Ms. HARRIS. Thank you very much.

Chairman GONZALEZ. Thank you, Ms. Harris. I hope everything works out for you and your family.

Ms. HARRIS. It will. Thank you.

Chairman GONZALEZ. We have one more witness, Mr. David Espino.

STATEMENT OF DAVID ESPINO, FORMER RESIDENT, ALAZAN-APACHE

Mr. ESPINO. I am Dave Espino, a former resident of Alazan-Apache. I am likely to be a resident-owner of my own business. I have a lawn service right now. I would like to thank Mr. Flores and the three others, Mr. Ramirez, Mr. Jones, and Mr. Smith, for helping develop my company.

I am very lucky that now I started my company, I am not on any kind of government assistance anymore. I am very proud of that fact. If you knew me 2 years ago, you would have said the chance for that scheme was very low to the point where I became my own boss and now I am very proud of myself and family.

I would like to thank my wife who is sitting right next to me, who is also my right-hand person in the business. When I am not there, she probably runs it better than I do.

Chairman GONZALEZ. I am delighted to hear that. I am happy for you and your wife. Do you have children?

Mr. ESPINO. We have four.

Chairman GONZALEZ. What kind of business are you in?

Mr. ESPINO. Lawn care.

Chairman GONZALEZ. Very good. Well, I want to salute you and praise you and wish you well in all your endeavors. I must compliment you on what you have done thus far. You have managed to move out. Above all, you have come here to give witness and gratitude to the administrators that helped you. I think that is what we are all about, too, the administrators, the director, those of us in the legislative side. Thank you very much. I hope you have had a very successful business.

[Whereupon, at 5:10 p.m., the hearing was adjourned.]

APPENDIX

December 16, 1993

(Morning Session)

OPENING STATEMENT OF CHAIRMAN HENRY B. GONZALEZ
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

SELECTED HOUSING & COMMUNITY DEVELOPMENT ISSUES
IN THE CITY OF SAN ANTONIO
DECEMBER 16, 1993

THE SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT RETURNS TODAY TO ADDRESS THE HOUSING NEEDS IN THE CITY OF SAN ANTONIO WHICH WILL BE DISCUSSED DURING THE MORNING SESSION OF THIS HEARING. THIS AFTERNOON THE SUBCOMMITTEE WILL TRAVEL TO THE ALAZAN-APACHE COURTS PUBLIC HOUSING DEVELOPMENT TO HEAR TESTIMONY CONCERNING THE PROVISION OF SERVICES AT PUBLIC HOUSING DEVELOPMENTS. AT 3:30 P.M., THE SUBCOMMITTEE WILL TOUR THE LINCOLN HEIGHTS COURTS PUBLIC HOUSING DEVELOPMENT, ONE OF THE FIRST DEVELOPMENTS IN SAN ANTONIO.

WHILE I AM EXTREMELY PLEASED TO BE IN MY HOMETOWN OF SAN ANTONIO, I AM CONCERNED THAT THE CITY IS LACKING A COMPREHENSIVE AND COORDINATED STRATEGY FOR PROVIDING HOUSING OPPORTUNITIES, BOTH RENTAL AND HOMEOWNERSHIP, WITHIN THE CITY OF SAN ANTONIO. WHEN CONGRESS ENACTED THE COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY (CHAS), WE INTENDED FOR THIS DOCUMENT TO BE USED AS THE BASIS FOR A COMMUNITY'S IMPLEMENTATION PLAN TO ADDRESS ITS HOUSING AND COMMUNITY DEVELOPMENT NEEDS. THE REALITY IS THAT THE CITY OF SAN ANTONIO SUBMITS ITS CHAS, WHICH CONTAINS HOUSING AND COMMUNITY DEVELOPMENT STATISTICS; HOWEVER, IT APPEARS THAT IT HAS FAILED TO ADDRESS ITS HOUSING AND COMMUNITY DEVELOPMENT NEEDS IN A COORDINATED AND COMPREHENSIVE MANNER.

AS A RESULT, I MUST CALL UPON ALL THE ENTITIES IN THE CITY -
- FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO THE SAN
ANTONIO HOUSING AUTHORITY -- TO WORK TOGETHER IN ATTACKING THE
HOUSING AND COMMUNITY DEVELOPMENT NEEDS OF THE CITY IN THE
FUTURE.

ANOTHER CONCERN OF THE SUBCOMMITTEE RELATES TO HUD'S OFFICE OF
INSPECTOR GENERAL SEMI-ANNUAL REPORT TO CONGRESS, IN WHICH THEY
UNCOVERED A DISTURBING PROBLEM HERE IN SAN ANTONIO. APPARENTLY,
THE CITY IS UNABLE TO EXPEND THEIR COMMUNITY DEVELOPMENT BLOCK
GRANT ENTITLEMENT FUNDS IN A TIMELY MANNER AND IS VIOLATING A
REGULATORY REQUIREMENT TO HAVE NO MORE THAN 1.5 TIMES THE MOST
RECENT GRANT ALLOTMENT IN THEIR RESERVE BEFORE THEY ARE ALLOCATED
MORE FUNDS. AT THE PRESENT TIME THE CITY OF SAN ANTONIO HAS 2.5
TIMES THE AMOUNT MOST RECENTLY ALLOCATED WHICH WILL CAUSE THE
CITY TO LOSE A POTENTIAL \$700 MILLION IN FUNDS IF THEY DO NOT
EXPEND THE PORTION EXCEEDING THE REGULATORY REQUIREMENT BEFORE
JULY 1994. I AM APPALLED THAT THE CITY IS UNABLE TO MEET THE
REGULATORY REQUIREMENT WHEN THE CITY IS IN SUCH GREAT NEED FOR
HOUSING AND COMMUNITY DEVELOPMENT FUNDS.

UNFORTUNATELY, THE CITY IS ALSO HAVING PROBLEMS EXPENDING ITS
HOME INVESTMENT PARTNERSHIP FUNDS IN A TIMELY MANNER AS WELL.
CONGRESS CREATED THE HOME PROGRAM IN THE 1990 HOUSING ACT TO
PROVIDE AFFORDABLE HOUSING OPPORTUNITIES TO LOW-INCOME PERSONS.
WE CAN ILL-AFFORD NOT TO SPEND THIS VITALLY-NEEDED FUNDING ON A
TIMELY BASIS. THE CITY HAS RECEIVED \$6.7 MILLION IN FUNDING UNDER

THE HOME PROGRAM FOR FISCAL YEAR 1992 AND \$4.4 MILLION IN FISCAL YEAR 1993. IT IS A TRAVESTY THAT OF THAT \$11 MILLION IN FUNDING THE CITY HAS RECEIVED, ONLY \$1.4 MILLION IN FUNDS HAVE BEEN OBLIGATED FROM THE FISCAL YEAR 1992 ALLOCATION. AS I UNDERSTAND IT, THE CITY MUST SOON COMMIT \$5.3 MILLION, THE REMAINING UNCOMMITTED FUNDS FROM FISCAL YEAR 1992, OR THEY WILL LOSE THESE FUNDS AS WELL. THE CITY CANNOT STAND TO LOSE THESE FUNDS AT A TIME WHEN HOUSING NEEDS ARE SO GREAT. THE AVAILABILITY OF THIS FUNDING CANNOT BE TAKEN FOR GRANTED BY THE CITY ANY LONGER.

I ALSO HOPE TO HEAR FROM THE HOUSING AUTHORITY REGARDING ITS EFFORTS TO ADDRESS HOUSING NEEDS IN SAN ANTONIO. I AM INTERESTED IN HEARING ABOUT HOW THE HOUSING AUTHORITY INTENDS TO USE A \$48 MILLION GRANT IT RECENTLY RECEIVED TO REHABILITATE THE SPRING VIEW DEVELOPMENT UNDER THE URBAN REVITALIZATION DEMONSTRATION PROGRAM. ALSO, I AM VERY CONCERNED ABOUT THE NEED TO MODERNIZE OUR EXISTING PUBLIC HOUSING STOCK IN SAN ANTONIO. I AM PARTICULARLY INTERESTED IN HOW THE SAN ANTONIO HOUSING AUTHORITY PLANS TO REHABILITATE ITS OTHER DEVELOPMENTS AND THE TIME-FRAME TO MODERNIZE THESE DEVELOPMENTS.

I WELCOME THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT HENRY CISNEROS TO ADDRESS THE HOUSING NEEDS IN SUCH CITIES AS SAN ANTONIO. I AM INTERESTED IN HOW THE DEPARTMENT WILL ASSIST COMMUNITIES LIKE SAN ANTONIO IN ADDRESSING ITS HOUSING AND COMMUNITY DEVELOPMENT NEEDS. I AM MOST PLEASED THAT HUD SECRETARY CISNEROS HAS JOINED THE SUBCOMMITTEE AT THIS HEARING TODAY. HUD

SECRETARY CISNEROS TESTIFIED IN HOUSTON THIS PAST TUESDAY. AS I SAID THERE, THIS IS THE FIRST OCCASION THAT A SECRETARY OF HOUSING AND URBAN DEVELOPMENT HAS TESTIFIED BEFORE THE SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT DURING A FIELD HEARING.

AGAIN, I LOOK FORWARD TO THE TESTIMONY OF THE WITNESSES.

December 16, 1993, field hearing held by the Subcommittee on Housing and Community Development, entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO HONORABLE NELSON WOLFF, MAYOR, CITY OF SAN ANTONIO

1. I am concerned that the City currently lacks a comprehensive and coordinated approach to deal with Housing and Community Development needs in the City of San Antonio.

- What do you intend to do to establish a comprehensive and coordinated approach to address Housing and Community Development needs?

2. Cities like San Antonio in the past have urged Congress to provide more funding for block grant programs. However, the City's track record of utilization of funds under the CDBG program and the HOME program is dismal.

- How do you reconcile your pursuit of more funding for more block grants such as CDBG and HOME given this record?

(Hon. Wolff's Responses)

December 16, 1993, Field Hearing Held By The
Subcommittee on Housing and Community Development,
Entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
HONORABLE NELSON WOLFF, MAYOR, CITY OF SAN ANTONIO

1. I am concerned that the City currently lacks a comprehensive and coordinated approach to deal with Housing and Community Development needs in the City of San Antonio.

- What do you intend to do to establish a comprehensive and coordinated approach to address Housing and Community Development needs?

For over twenty years the San Antonio City Council has designated housing and community development needs as a priority issue. To address this priority, Council created the City Council Housing Task Force as a primary City Council standing committee. Composed of five City Council members, the City Council Housing Task Force meets on a monthly basis to discuss housing issues, and develop policies affecting the provision of affordable housing within the City. These meetings are staffed by the Housing & Community Development Department, and are open to public participation and comment.

To complement the City Council's policy commitment to a comprehensive, coordinated approach to address housing and neighborhood revitalization, the City Manager established and chairs the Housing and Neighborhood Action Team (HNAT), composed of the directors of City Departments with housing and services-related responsibilities including the Housing and Community Development, Community Initiatives, Code Compliance, Economic Development, and Public Works Departments. In addition, HNAT includes the directors of the San Antonio Development Agency, the San Antonio Housing Authority, and the San Antonio Housing Trust.

The Housing and Neighborhood Action Team meets on a regular basis to coordinate housing policy, streamline the City's housing programs, encourage private sector involvement, and to identify specific new programs to increase housing opportunities in inner-city neighborhoods. As the City Manager deems appropriate, he invites top level administrators of private sector entities (financial institutions; businesses; non-profit organizations) for participation in the discussion, and development of implementation strategies to address specific housing and community development issues.

In addition to HNAT, in Fiscal Year 1993-94, the City Manager added a Senior Management Coordinator to his office. This staff member

is responsible for coordinating the City's housing initiatives, and for monitoring, researching and developing City policies affecting the City's ability to support and/or provide affordable housing.

2. Cities like San Antonio in the past have urged Congress to provide more funding for block grant programs. However, the City's track record of utilization of funds under the CDBG program and the HOME program is dismal.

- How do you reconcile your pursuit of more funding for more block grants such as CDBG and HOME given this record?

Of the \$329 million in CDBG Entitlement Funds, and \$22 million in CDBG program income realized over the past eighteen and one-half years, as of February, 1994, the City of San Antonio had expended in excess of \$311 million for projects and services directly benefiting low and moderate income residents, including housing improvements, social, health, education/training, and recreation services, and capital improvement projects. Of the approximate \$40 million remaining balance, over \$10 million is committed [encumbered] to third-party contracts for construction activity of numerous capital improvement projects concentrated in the City's older, lower income neighborhoods. It must be noted that in addition to these encumbrances, the City has a documented record of expending an average of \$16 to \$18 million dollars annually.

As indicated in my December 16, 1993 presentation, the San Antonio City Council has concentrated its CDBG funds to address critical capital improvement projects in our neighborhoods. Although it is recognized that capital improvements require longer time periods for project completion and expenditure of funds, this action reflects a conscious policy decision by the City Council in response to the severe deterioration evident in these areas. Improvement of the basic infrastructure is the critical first component necessary for stimulating neighborhood revitalization, and for protecting both the public and private sector's investment in improving and increasing the available housing stock.

In regards to the City's HOME Entitlement Program, I must reiterate that the implementation of any new Federal Program requires a period of time concentrated towards program start-up activities (developing procedures, required legal documents, forms, etc.), and educating the public and potential participants. The local development of HOME program procedures has been particularly involved due to the initial program rules and regulations, and the five modifications issued by Washington during the past 18 to 20 months, requiring staff to complete additional revisions to policies and documents, and public technical assistance to ensure continued compliance. However, following this required program development start-up period, implementation and production has significantly increased.

Within the last two months, the City of San Antonio has exhibited substantial progress in relation to its HOME Entitlement funds, with \$ 2,437,473.00 in HOME funds committed, providing 124 units of affordable housing. Continued progress on the remaining projects is being made, and the City will commit all of its First Year HOME, and a substantial amount of its Second Year HOME funds prior to the First Year HOME Entitlement's July 31, 1994 commitment deadline.

It is the City of San Antonio's position that we have performed the responsibilities of both the CDBG and HOME programs in an exemplary manner, ensuring that the activities supported by these programs are in full compliance with the regulations, and fully address the local needs of our older neighborhoods and lower income residents. However, in response to recent direction received from HUD, the City has initiated procedures to aggressively address the rate of expenditure concern. City Council has modified its previous policies to implement phased budget allocations to capital improvement projects to ensure increased expenditure rates in this activity area. In addition, timely reprogramming of available funds to projects which can be completed within the fiscal year occurs on a bi-monthly basis.

It must also be emphasized, however, that the request for additional block grant allocations is based on the over whelming needs evident at the local level. The City of San Antonio receives an average annual allocation of \$18 million in CDBG funds, and \$5 million in HOME funds. However, during the annual budget process for these funds, the City of San Antonio receives citizen requests for eligible, needed housing, services, and capital improvement projects in excess of \$300 million. Additional funding support is therefore crucial if cities, such as San Antonio, are to effectively and efficiently resolve the expanding deterioration of infrastructure, maintain the existing housing stock, provide additional affordable housing opportunities, and address the human needs (nutrition, job training, health, and homelessness) to a degree which truly revitalizes our community, and provides an improved quality of life for our local residents.

**STATEMENT BEFORE THE HOUSE BANKING, FINANCE
AND URBAN AFFAIRS COMMITTEE
SUBCOMMITTEE ON HOUSING AND COMMUNITY
DEVELOPMENT**

**San Antonio Field Hearing
Thursday, December 16, 1993**



**BY
SECRETARY HENRY G. CISNEROS**

Thank you, Mr. Chairman. I am delighted to be back in our hometown of San Antonio and see so many friends and colleagues. Both of us started out working in San Antonio government, and learned how to create a better city and improved housing from this now thriving metropolis. It seems fitting that we are here to examine housing and community development needs and to announce a grant for an innovative urban revitalization demonstration in this vibrant laboratory of urban life.

We owe you a debt of gratitude, Mr. Chairman, for your many years of leadership as a strong advocate for decent, affordable housing, equal housing opportunity, and better communities. You have been a vital force in this effort throughout a lifetime of achievement. Just in the past half decade you have played a leading role in shaping today's national agenda for housing policy by shaping the three most important pieces of federal legislation: the "Stewart B. McKinney Homeless Assistance Act" in 1987, the "Cranston-Gonzalez National Affordable Housing Act" in 1990, and the "Housing and Community Development Act of 1992." These three landmark laws include many key initiatives that HUD is now working to make effective--the HOME and HOPE programs, Moving to Opportunity, Lead-Based Paint Abatement, Family Investment Centers, Family Unification, Public Housing Modernization Comprehensive Grants, all of our homeless programs, Youthbuild, and the demonstration program for distressed public housing.

You are one of the few Members of Congress who brings a very real, grounded understanding of the needs of tenants, managers, and city officials in providing affordable housing, gaining much of that understanding right here in San Antonio. Before serving so well in the U.S. House of Representatives, you were a member of the City Council of San Antonio and Deputy Director of the San Antonio Housing Authority. You have a clear understanding of the intricacies of HUD's and other Department's programs, and your guiding hand has been a major and positive influence in the reform of legislation and programs which affect the delivery of housing.

You fought off efforts to reduce the HUD budget during the Reagan years and continued to fight for affordable housing programs when they were repeatedly zeroed out by that Administration. You have been a watch-dog for the Department in combating abuse and mismanagement. As a member of the House Banking Committee since 1962, you have been for many years a leader in Congress on housing and numerous other key issues. You richly deserve and wear well the distinction of being Chairman of both the House Committee on Banking, Finance and Urban Affairs and Chairman of the Subcommittee on Housing and Community Development.

We are very pleased to work so closely with you, Chairman Gonzalez, in our efforts to revitalize HUD.

Mr. Chairman, you have taught us that public housing is a national treasure to be defended, preserved, improved, and expanded. America's 1.4 million public housing units are one of our nation's most important and reliable sources of affordable housing. During the 1960s more than two million units of private low-rent housing were lost in our cities. Many analysts have identified this loss as an important cause of the dramatic rise in homelessness. Yet while private units were lost, public housing remained as a resource to provide homes for low-income people.

Public housing serves a wide age range, from the new-born to senior citizens. Its residents are among our nation's poorest -- their average income is less than a quarter of the national median.

Mr. Chairman, our goal is the same as yours -- to preserve this vitally needed affordable housing stock for the public interest over the long term. We must work actively to improve and maintain the physical conditions of public housing communities and revitalize their social and economic environments. Every vacant unit should be rapidly restored and put to good use.

Because we share this goal, Mr. Chairman, I am pleased to be able -- as part of your hearing on this vital issue -- to award more than \$40 million in Urban Revitalization Demonstration HOPE VI grants to two public housing communities here in San Antonio.

The HOPE VI Urban Revitalization Demonstration program allows local housing authorities to evaluate their most severely distressed developments and to present HUD with innovative plans to address the real needs. In this program, local housing authorities can experiment with varied revitalization strategies and determine which ones are most effective in transforming these developments around.

Springview Apartments in San Antonio will receive a \$48.6 million grant to renovate 223 units and demolish another 198 more. A total of 102 of the demolished units will be rebuilt on the same site. The plan includes a new community center with recreational facilities, educational, training and social service offices.

At Mirasol Homes, nearly a quarter of a million dollars is being awarded to help form a planning committee that will bring together residents, the community, architects and Housing Authority staff to devise a comprehensive plan. They will consider renovation and demolition, replacement housing, site improvements, community services and space for such activities as recreation.

In the Clinton Administration we firmly believe that public housing is a platform from which individuals, families, and communities can make critical transitions in their lives and life cycles. Today, Mr. Chairman, we envision four key transitions:

- from welfare to self-sufficiency
- from tenancy to homeownership
- from distressed communities to thriving communities
- from segregated enclaves to open communities

FROM WELFARE DEPENDENCY TO SELF-SUFFICIENCY

First, we want to help people make the transition from welfare dependency to self-sufficiency. We want to help people improve their economic status long-term.

Public housing was always intended to be a means for Americans to get back on their feet. Once they had stable jobs and decent incomes, they generally moved to private housing that they could now afford to own or rent.

Today, the average length of occupancy for public housing residents is nearly eight years.

People must have support in making that transition. We need to help public housing residents gain the tools that will enable them to improve their economic status. The average income of a public housing family is \$8,000 annually, and only 22 percent have wages as the bulk of their income. Seventy-six percent of households are headed by women, and 69 percent of public housing residents are racial minorities.

Our initiatives help poor people and poor communities gain their economic footing.

We are considering reforming public housing rent rules to create greater incentives for residents to move from welfare to work, and incentives to help keep families together. Under current rules, residents pay 30 percent of their income for rent, so when someone gets a job or their income increases, the rent automatically goes up. A new rent structure may be needed to remove barriers and create work incentives.

Public housing residents, especially those with working parents and large families, should not have to pay more for public than for private housing.

HUD has several new programs that create economic and job opportunities: including Step Up, Section 3 and Family Investment Centers.

Step Up is geared to public housing residents and other low-income persons. It provides public housing residents with job training, work experience, decent wages and union apprenticeship opportunities in the building trades. It can be sponsored by such entities as local public housing authorities or community development agencies.

The specific parameters of the program are set at the local level. But the key is to combine personal skills development and counseling with job-related classroom instruction and on-the-job training and work experience. The program work sites may include public housing sites where modernization and maintenance are taking place, and other public and private sites as well.

We are also making a greater effort to enforce the 1992 amendments to Section 3 of the Housing and Urban Development Act of 1968. Section 3 requires that job opportunities and other economic opportunities resulting from direct HUD assistance be provided to low-income people in areas where HUD-supported projects are underway.

For example, if HUD is funding a project in a certain low-income neighborhood, the project coordinators are responsible for assuring that residents receive some of the economic benefits. This includes such opportunities as accounting, recordkeeping, construction and service-oriented activities related to the project being carried out. It is particularly important that we direct these opportunities to people who are receiving government housing assistance. And that includes public housing residents.

We also want to bring much-needed social and economic services to public housing communities. Many public housing residents lack adequate transportation to get to places where they can obtain health care, substance abuse counseling, employment information and general information about an array of social services programs.

We are working to establish Family Investment Centers in public housing communities. We envision these as one-stop facilities that offer a variety of community and social services. These centers will be run by service coordinators. The physical consolidation of community services will save public housing residents the hardship of traveling to different locations around town in search of assistance.

FROM TENANCY TO HOMEOWNERSHIP

Public housing can serve as a platform for creating home ownership opportunities. Owning a home continues to be an important part of the American dream. Through home ownership, a family acquires a place to live and raise children, and invests in an asset that can grow in value and provide the capital needed to start a small business, finance college tuition, and generate security for retirement. Home ownership enables people to have greater control and exercise more responsibility over their living environment. It also can help stabilize and strengthen neighborhoods, generate jobs, and stimulate economic growth.

At HUD we are designing a series of programs to enhance home ownership opportunities for low- and moderate-income renters. Our strategy differs from HOPE I in that we are helping families make the transition out of public housing and into private ownership. Much of our public housing stock is in multifamily buildings that are not physically suitable or desirable for individual home ownership. Also, in most cases the existing residents cannot afford to pay for the extensive maintenance and repair of these large properties. Those residents who can afford ownership generally prefer to buy a small house. By helping them graduate to home ownership in new communities, we are maintaining our nation's vitally needed public housing stock as a continuing resource to provide good quality affordable dwellings for low-income people in need.

One of our newest and most ambitious efforts is the single-family property disposition program, which will be serving 47 cities from 20 HUD field offices. Under this program we are selling HUD-owned houses at a 30 percent discount to local governments, public housing authorities, and nonprofit groups, for rehabilitation and resale to low-income home buyers. This idea builds on a successful demonstration, called a "Reinvention Lab," conducted by HUD last summer in Chicago and Richmond. We intend to expand this program further in the coming years.

In addition to selling FHA-foreclosed properties, we are working with the Resolution Trust Corporation and other federal agencies to facilitate the sale of government-owned houses to low- and moderate-income purchasers. We are also initiating partnerships for single-family property disposition with state housing finance agencies and the federal government-sponsored enterprises. Fannie Mae and Freddie Mac.

HUD is also working to strengthen the program linkages between the Office of Housing and the Office of Public and Indian Housing, to directly expand home ownership opportunities for public housing residents. Apolonio (Nono) Flores, Executive Director of the San Antonio Housing Authority, is working as a consultant to HUD and advising us on how we can work more closely to sell HUD's FHA properties to public housing authorities.

Some of the new HUD initiatives we are considering include supporting pre- and post-purchase counseling to help prospective low-income buyers get in and stay in their first home. We are also examining your own ideas, Mr. Chairman, such as the National Homeownership Trust, a very important program created in 1990 through your leadership. We found very instructive the hearing on homeownership that your Subcommittee on Housing and Community Development held on November 18, and it encouraged us to increase our support for the National Homeownership Trust and for homeownership counseling.

We are also studying the possible redesign of FHA mortgage insurance to expand incentives for low-income home buyers, to encourage financing of affordable home ownership for families with limited savings and in urban revitalization areas where HUD holds numerous properties. Finally, we are working to expand the pool of funds available for public housing residents make the transition to home ownership, including federal programs like HOPE and HOME, and a greater role for Ginnie Mae, Fannie Mae and Freddie Mac, the Federal Home Loan Bank System, state and local housing finance agencies, pension funds, insurance companies, banks, foundations, universities, community development corporations and others in the process.

With the strong advocacy you have taken for the National Home Ownership Trust, Mr. Chairman, we look forward to working together to make home ownership opportunities more widely available so low-income people can make a transition to a better future.

FROM DISTRESSED COMMUNITIES TO THRIVING COMMUNITIES

Public housing cannot exist in isolation or continue to be a symbol of urban decay. During the Great Depression of the 1930s, public housing was originally established to create jobs and revitalize local neighborhoods by replacing slums with new construction of good housing and community facilities. The public housing program of the 1990s must also play a role in revitalizing communities.

One of the most important steps in making the transition from distressed communities to healthy, thriving communities is to tear down the walls of isolation that separate public housing developments from the surrounding neighborhood. Public housing residents and the community at large will both benefit from a closer cooperation in revitalization strategies. This type of coordination is an essential concept behind President Clinton's community empowerment initiative.

For example, we are proposing to turn the Public Housing Drug Elimination Grants program into Community Partnerships Against Crime (COMPAC). The basic idea is to make a larger, more flexible instrument for mobilizing local residents to fight all forms of crime, substance abuse, and violence through community policing, social services and treatment programs, increasing security through new equipment and building redesign, and other methods. The key to COMPAC is that it reaches beyond public housing to include the surrounding community in dealing with crime and creating positive alternatives for youth.

Making the community transition will also require expanding comprehensive planning and development efforts, creating new jobs and business opportunities for low-income residents. The 104 Empowerment Zones and Enterprise Communities will point the way to new coordinated grassroots solutions, and the new Community Enterprise Board headed by the Vice President will help ensure federal interagency cooperation to support revitalization activities in all distressed communities.

At HUD we are working to make Community Development Block Grants, the HOME program, and McKinney Homeless programs work together as a better basket of tools for consolidating community planning to aid comprehensive revitalization strategies. We cannot afford to repeat the mistakes of the past, such as modernizing public housing and ignoring the surrounding community. Public housing revitalization will only succeed if it is well coordinated with broader efforts to improve an entire neighborhood.

To make comprehensive planning effective, we will need more public and private resources for community development, including new and more effective tools and financing strategies. This year we are proposing to expand specific community development assistance, such as reforming Section 108 loan guarantees to enable local governments to expand their economic development projects by \$2 billion annually.

We are also considering ways to support and help finance neighborhood commercial revitalization development projects, such as community retail centers. Our National Community Development Initiative will help strengthen the capacity of neighborhood organizations to make the best use of the Community Reinvestment Act to gain access to private capital, and to successfully leverage other sources of private and public financing that will improve communities both physically and economically.

The promise and potential of public housing, the ambition and commitment of its residents to organize themselves and their neighbors for change, can be a key asset in our efforts to create thriving communities and invest in a better America. We should all work together to build this asset and help it grow healthy and strong.

FROM SEGREGATED ENCLAVES TO OPEN COMMUNITIES

But the success or failure of our efforts to achieve these first three transitions will largely be determined by whether or not we are successful at achieving a fourth transition -- moving from segregated and isolated enclaves to integrated communities. We have made a commitment to ending the spatial separation of people by race and income because it is one of the greatest barriers to building healthy, well-rounded communities and empowering individuals and families.

Here in Texas last September, we took a stand, telling the people of Vidor -- the people of America -- that this Administration will not tolerate any form of segregation. We removed the Orange County Housing Authority Director and Board of Commissioners for failing to protect the civil rights of African Americans -- for allowing racism to drive away minority families and individuals who sought only a decent home in Vidor's public housing.

We are making a frontal assault on housing and mortgage lending discrimination by encouraging metropolitan-wide fair housing enforcement and anti-redlining strategies for mortgage lending and insurance.

Our Moving To Opportunity program empowers people living in assisted housing in high-poverty areas -- usually the inner city -- to use Section 8 rental certificates to move into low-poverty areas, including the suburbs. Based on Chicago's Gautreaux program, it can help families get closer to better jobs and better schools.

We want to expand the Section 8 program to help reduce the racial and income isolation that characterizes urban America. By expanding support for our Fair Housing Initiatives and the Fair Housing Assistance programs, we can strengthen the important role nonprofit groups and state and local governments play in the vigorous and aggressive enforcement of the nation's fair housing laws.

CONCLUSION

One of the best ways to make these transitions possible is through the Urban Revitalization Demonstration, especially in promoting self-sufficiency, comprehensive solutions, and open housing.

The National Commission on Severely Distressed Public Housing found only 6% of all public housing to be severely distressed. Yet, it is the most visible representation of public housing.

Our Urban Revitalization Demonstration program -- HOPE VI -- addresses distressed housing in innovative and comprehensive new ways.

We want to take the very worst public housing communities in America and turn them around. The Urban Revitalization Demonstration offers the best chance for HUD and local housing authorities to fundamentally transform distressed public housing in this nation and reclaim its original purpose of building healthy and viable communities.

We must get away from the bland, formula-like construction of public housing. Public housing communities don't have to be unattractive boxes incompatible with the surrounding community.

I believe we can reverse the trends of the past 12 years and return public housing to what it should be. It can be an asset to the community where poor people can live in dignity.

Through HOPE VI, we aim to:

- c Alleviate large scale and high density.
- o Create manageable and livable sites.
- o Reconfigure and re-orient building structures.
- c Coordinate neighborhood improvements.
- o Provide on-site resident facilities and services.
- o Create supportive housing environments for families with children.
- o Provide supportive services, including economic development, job training and self-sufficiency activities.
- c Promote community services activities.

Mr. Chairman, we cannot accomplish any of these goals unless we fundamentally change the way the federal government conducts its business.

Too often HUD has been part of the problem. For example, some public housing authorities have been criticized for taking up to four years to spend modernization funds. Yet from the time that Congress appropriates the funds, HUD has in the recent past routinely taken up to a year and a half to sign the contracts. Once the contracts are signed, HUD has bogged down the local authorities with unnecessary rules, regulations, and bureaucratic delays.

Our Reinventing HUD initiative is changing the way we do business, and we mean business. We are becoming part of the solution, finding ways to move from "gotcha" to saying yes to the people actually building affordable housing and better neighborhoods, emphasizing service and performance, becoming facilitators, enablers, and partners with local communities in accomplishing the vital tasks, Mr. Chairman, that we all recognize are so urgently needed. The grants we have given today in San Antonio represent a down payment on a whole new way of making government effective and touching people's lives where it really counts. Thank you.

December 16, 1993, field hearing held by the Subcommittee on Housing and Community Development, entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO HONORABLE HENRY G. CISNEROS, SECRETARY, HUD

1. What measures do you intend to pursue at HUD in order to require communities like S.A. to more closely the Housing & Community Development needs identified in a community's comprehensive housing affordability strategy?

2. What measures do you intend to pursue at HUD to require communities like San Antonio to expend their block grant funds such as CDBG and HOME more quickly?

3. I understand that the San Antonio Housing Authority currently has 8 non-profits which they are associated with, I am concerned that these non-profits go unmonitored by the Department.

-What do you intend to do to monitor non-profits associated with public housing authorities such as SAHA in order to determine whether units under these non-profits meet housing quality standards and whether these non-profits are adequately financially regulated?

4. It is my understanding that the HOME program is going through some regulatory changes, in what ways will these changes help make this program more user friendly?

5. Why is the HOME program's goal of providing opportunities for homeownership among low income families limited to first time homebuyers, thus excluding many large size families that are currently living in overcrowded conditions?

(From HUD Secretary Henry G. Cisneros)

Response to Gonzalez's Questions

1. What measures do you intend to pursue at HUD in order to require communities like San Antonio to more closely (address)(?) the housing and community development needs identified in a community's comprehensive housing affordability strategy?

At the present time, the statute requires only that a PJ certify that its HOME activities are in conformance with its approved CHAS.

We have requested a statutory change (which is included in H.R. 3838) to upgrade that commitment by requiring HOME PJs "to follow" their CHAS's when implementing their HOME Programs, as they are now required to do for their CDBG Programs. The Department will be able to monitor CDBG and HOME activities to ensure that they are consistent with their approved CHAS.

2. What measures do you intend to pursue at HUD to require communities like San Antonio to expend their block grant funds such as CDBG and HOME more quickly?

With regard to the HOME Program, the requirement to "commit" the funds within a 24 month period is very effective in motivating most jurisdictions to expend their funds or face losing the money back to HUD for reallocation to other jurisdictions.

The Department, through its field offices, is offering technical assistance to participating jurisdictions to accelerate their funds commitment rates. In addition to the regular technical assistance, the Department is targeting technical assistance to key cities and States which have large allocations and are in the greatest need. (additional response attached)

3. I understand that the San Antonio Housing Authority currently has eight non-profits which they are associated with, I am concerned that these non-profits go unmonitored by the Department.

The Department holds the participating jurisdiction responsible for the quality of the housing that is produced under the HOME Program, including housing produced by a CHDO or any other subrecipient. In its monitoring activities, CPD Field Office staff will be guided to inspect a sample of houses and rental units from the PJ's portfolio for quality of workmanship, size, location, environmental considerations, etc.

Regarding the financial status of the non-profits, HUD does not monitor the financial viability of the non-profit organizations. CHDOs are required to have IRS 501(c)(3) status which includes a financial control system that can be audited,

but local governments are expected to employ commonly accepted underwriting requirements when investing their HOME funds in non-profit owned or developed projects.

4. It is my understanding that the HOME program is going through some regulatory changes, in what ways will these changes help make this program more user friendly?

The Fifth Interim Rule is scheduled to be published in March 1994 and contains 27 rule changes, eleven of which are specifically designed to make the HOME Program easier to administer. Such items are:

Refinancing is permitted for secured, existing debt on a single-family, owner-occupied structure when HOME funds are loaned for rehabilitation. The refinancing must lower the owner's overall housing costs.

Periods of affordability for first-time homebuyers are revised so that they are based on the amount of HOME investment, as are rental projects.

For HOME-assisted rental housing containing 25 units or less, on-site review is required once within a two-year period. (Previously, on-site review was required annually for rental projects with five or more units.)

Attached is a synopsis of the 27 provisions of the Fifth Interim Rule.

5. Why is the HOME Program's goal of providing opportunities for homeownership among low income families limited to first-time buyers, thus excluding many large size families that are currently living in overcrowded conditions?

Sec. 215(b) of the NAH Act of 1990 limits assistance to housing that "...is made available for initial purchase only to first-time homebuyers."

The Department has a legislative proposal before Congress to extend the assistance to all low-income homebuyers.

(additional response regarding question 2)

2. What measures do you intend to pursue at HUD to require communities like San Antonio to expend their block grant funds such as CDBG (and HOME) more quickly?

The CDBG program currently has regulatory standards to determine whether recipients are carrying out their CDBG-assisted activities in a timely manner. The standard (at 24 CFR 570.902) states that, 60 days prior to the end of its current program year, each grantee should have no more than 1.5 times its entitlement grant amount for that current program year in its Line of Credit and, for grantees that have received at least two consecutive entitlement grants, the amount of grants funds disbursed from the Line of Credit during the previous twelve-month period should be equal to or greater than 50% of the entitlement grant amount for the current program year. Where it is known that a grantee has an unusually large amount of program income on hand at the time these standards are applied, it should be factored into this analysis.

HUD annually reviews each grantee's progress against the above standards. Because the achievement of program objectives is delayed when grant funds are not used in a timely manner, HUD works closely with those grantees that fail to meet the regulatory requirements. Specifically, HUD requests the grantee to analyze the cause(s) of the slow progress, including (1) any extenuating circumstances or information that might challenge the validity of the HUD financial data (obtained via the Line of Credit system) and (2) whether the slow progress is the result of factors beyond the grantee's control (e.g., a lawsuit) or that the problem is temporary and likely to be resolved within the next year. Unless the grantee can provide information to support that the timeliness problem is related to information provided under (1) or (2) above, a finding of a regulatory violation is typically made.

The finding requests the grantee to undertake appropriate corrective action designed to rectify the deficiency. Typically, a work-out plan is requested, based upon the grantee's analysis of the problem(s), that includes planned actions it will take to eliminate the excess amount of undisbursed funds in its backlog, thus permitting the regulatory standards to be met. The time period for eliminating this backlog generally cannot exceed more than two years. HUD is expected to monitor the grantee's progress in implementing the work-out plan.

Failure to make satisfactory progress can result in HUD placing a contract condition on the grantee when awarding the next CDBG grant. The grant condition identifies the level of disbursements required to bring the grantee into compliance with the regulatory timeliness standard within an identified time period. It also permits HUD to make a grant reduction, should the grantee fail to achieve the required level of disbursements, in an amount up to the amount of the shortfall. HUD, however, has discretion in deciding whether to actually make a grant reduction. Even if it deems that a reduction is appropriate, a grantee is offered an opportunity for an informal consultation and/or due process and/or administrative hearing to permit grantees an opportunity to provide additional information to demonstrate why HUD should not take such a proposed action. (Note that HUD has published a proposed rule for comment that would discontinue its use of grant conditions since grantees cannot have their grants reduced without offering an opportunity for a hearing.)

The HOME Program

SUMMARY OF CHANGES FOR THE FIFTH INTERIM RULE
To be published in March, 1993

Changes based on proposed rule and public comment

1. In a tenant-based assistance program, PJs are permitted to establish a payment standard based on local market conditions and a determination of rent reasonableness. 92.211(f)(3)
2. PJ contributions to tenant-based assistance programs that meet HOME requirements (at 92.210, 92.211 and 92.253(a)and(b)) may be counted as match. 92.500(c)
92.219(b)
3. Requirements for match in non-HOME-assisted but HOME-eligible project are, in general, the same as match requirements for contributions in HOME-assisted projects: 92.218
 - Contribution must be a permanent contribution to HOME-eligible affordable housing. Repayments must go in local HOME account and be used for HOME-eligible projects. Repayments cannot be counted as match.
 - Project must meet HOME requirements and PJs must have a procedure to monitor these HOME-eligible projects to ensure continued compliance with:
 - income eligibility (at 92.203)
 - tenant-based assistance requirements (92.210, 92.211)
 - rent restrictions and periods of affordability for rental property (92.252)
 - tenant protection requirements (92.253)
 - ownership requirements, including periods of affordability for first-time homebuyers (at 92.254).

- HOME administrative funds may be used to monitor compliance.
- Units assisted are not subject to:
 - annual on-site inspections or rent/income recertifications
 - cross-cutting federal requirements (subpart H)
- Investments in HOME-eligible projects can be in the same forms as other match investments *except for*:
 - (1) the waiving of fees, etc. as outlined in 92.220(a)(2);
 - (2) contributions to on-site and off-site improvements (as outlined in 92.220(a)(4); and
 - (3) contributions to the non-affordable units (in a mixed income project) or the non-residential space (in a mixed use project).

[HCDA 1992 specifies that contributions must be made to affordable *housing*.]

4. As proposed, bond proceeds may be used for match as follows: 92.220(a)(5)(iii)
 - 50% of the loan amount made from bond proceeds to a multi-family project owner, and
 - 25% of the loan amount made from bond proceeds to a single-family owner.
 - No more than 25% of a PJS's total annual contribution may be loans made from bond proceeds. *However, in response to public comment, HUD shall allow a PJ to carry over match made in excess of 25% to get credit for subsequent years' match.*

A loan made from bond proceeds is credited at the time of the loan closing. 92.221
5. State distress criteria for match reduction remains as proposed. To receive full match reduction, it must meet two of the three distress criteria; to receive a 50% reduction, it must meet one of the three criteria: 92.222(a)(2)
 - (1) Poverty rate must be equal to or greater than 125% of average national poverty rate;

- HOME may be used for initial purchase and placement of ECHO units.
- PJ, nonprofit or single-family property owner of the host property may own the ECHO unit.
- ECHO unit tenants must be an elderly, handicapped or disabled family.
- In general, ECHO housing must meet HOME rental requirements, however:
 - only one ECHO unit per host property;
 - if ECHO unit owner charges rent, it must meet HOME rent requirements;
 - ECHO unit affordability periods are the same as the rental periods of affordability. If the original occupant no longer occupies the unit, the ECHO unit owner must (a) rent unit to another income eligible occupant on site; or (b) on another site; or (c) if host property owner is the ECHO unit owner, the PJ can recapture the HOME investment and reuse funds for additional HOME-eligible activities.

Changes to clarify policy

8. The 12/22/92 Interim rule states that tenant selection criteria in a tenant-based assistance program must be "reasonably related to Federal preferences" which allow a 70/30 Federal/local split. The term "reasonably related" means that PJs may provide tenant-based rental assistance to families who currently meet a Federal preference or who, because of existing circumstances, may qualify in the near future for one of the Federal preferences. [Note: The Federal preferences are: (1) families that occupy substandard housing, including the homeless or "residents" of homeless shelters; (2) families paying more than 50% of their income on rent; and (3) families that are involuntarily displaced.] 92.211(a)(2)
9. A PJ cannot use HOME funds to buy property from itself unless it has used local funds to purchase the property in anticipation of undertaking a HOME project. 92.214(a)(8)
10. When Davis-Bacon requirements are triggered (i.e., when there are twelve or more HOME-assisted units), Davis-Bacon requirements apply to the entire project. Davis-Bacon can be triggered by using HOME for any project costs-- not just construction costs. For first time homebuyer programs, Davis-Bacon requirements apply whenever there are 12 or more HOME-assisted units and there is a written agreement with the owner/developer that HOME funds will be used to assist the buyers. 92.354(a)
11. For mixed use projects, the requirement that residential living space must constitute 51% of the project space only applies when a PJ wants to count contributions made to the non-residential space as match. HOME funds can be used in projects that are less than 51% residential. 92.256
12. The CHDO definition is amended to clarify that a CHDO must be either a 501(c)(3) [charitable] or 501(c)(4) [civic/community] organization. 92.2

13. Eligible site improvements include off-site utility connections made from the property line to the adjacent street; on-site roads and water and sewer lines necessary to the development of the project. The project site is the property, owned by the project owner, on which the property is located. 92.206(a)(3)
14. A PJ may receive match credit on the difference between the acquisition cost and the market value of a property when it is acquired with Federal assistance. 92.220(a)(3)
15. The PJ who invests in the project receives the match credit for investments made in HOME-assisted or HOME-eligible project or activities. When a State provides State funds to a locality for affordable housing, who gets the match credit can be negotiated. 92.221(d)
16. When a PJ determines there are an insufficient number of capable CHDOs, it may use up to 20% of its 15% setaside (but not more than \$150,000) to build capacity of CHDOs. These funds must be committed within 24 months. (Previously, these funds had to be expended within 24 months.) 92.300(b)

Changes to improve workability, to work with CDBG

17. Definition of reconstruction is modified to permit a unit to be reconstructed anywhere on the existing lot. Reconstruction is rehabilitation for HOME purposes. PJs should remember that environmental requirements may kick in if the structure is moved off the original foundation. 92.2
18. Refinancing is permitted for secured, existing debt on a single-family owner-occupied structure when HOME funds are loaned for rehabilitation. The refinancing must lower the owner's overall housing costs. 92.206(a)(2)

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| 19. | Amend the definition of "administrative costs" to allow PJs to choose whether staff and overhead costs directly related to a project are to be charged as project soft costs or administration. (The administration of a tenant-based rental assistance program is always an administrative cost.) If charged as administration, these costs are subject to the 10% cap; if charged as project costs, they are included in the maximum per unit subsidy calculation. | Delete 92.2 def'n
Create 92.207,
92.206(c)(6) |
| 20. | Permit the payment of impact fees. | 92.206(c)(7)
Delete prohibition at
92.214(a)(8) |
| 21. | When the FMR decreases for projects to which HOME funds have been previously committed, a PJ may continue to use the rents in effect at the time of project commitment. | 92.252(d) |
| 22. | Periods of affordability for first-time homebuyers are revised so that they are based on the amount of HOME investment, as are rental projects (at 92.252(a)(5)):
\$15,000 per unit or less - 5 years;
\$15,000 - \$40,000 per unit - 10 years;
greater than \$40,000 per unit - 15 years.

If HOME funds are used in two- to four-unit first-time homebuyers projects and the HOME funds are recaptured, the affordability periods on the rental units are terminated. | 92.254(a)(4)

92.254(a)(4)(ii)(D) |
| 23. | The HOME investment that is subject to recapture is the HOME assistance that enabled the first-time homebuyer to buy the dwelling unit. This includes any HOME assistance, whether a direct subsidy to the homebuyer or a construction or development subsidy, that reduced the purchase price from fair market value to an affordable price. The recaptured funds must be used to assist other first-time homebuyers. | 92.254(a)(4)(ii)(C) |

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| 24. | Repayment of matching contributions from investments in HOME-assisted or HOME-eligible projects must be made to the local HOME account to get match credit for the full loan amount. | 92.220 |
| 25. | For HOME-assisted rental housing containing 25 units or less, on-site review is required once within a two-year period. (Previously, on-site review was required annually for rental projects with five or more units.) | 92.504(d)(1) |
| 26. | The definition of "commitment" is amended to change the construction start date for publicly-owned projects from six months to twelve months. | 92.2 |
| 27. | All taxes, fees and other charges typically imposed on projects and waived by a State or local government (not just the PJ) are eligible as match. | 92.220(a) |

CITY OF SAN ANTONIO



(MR. CAMERON)

December 15, 1993

The Honorable Henry B. Gonzalez
 U. S. House of Representatives
 Subcommittee on Housing and
 Community Development of the
 Committee on Banking, Finance
 and Urban Affairs
 Washington, D. C. 20510

Dear Mr. Gonzalez:

Chairman Henry B. Gonzalez and Secretary Henry Cisneros, I am honored by your presence and I welcome the opportunity to address you today. I acknowledge and applaud your concern for and commitment to the preservation and development of decent, affordable housing in San Antonio and throughout the nation. As you are aware, San Antonio has benefited from such programs as CDBG, HOME, McKinney, and such administering entities as the Federal Highway Administration, the Urban Mass Transit Administration, as well as the United States Military presence and a host of other programs administered by or through the federal government. For the purpose of this hearing, I will limit my comments to the Block Grant and the HOME programs.

During the 19 years of the Community Development Block Grant Program, the City of San Antonio has received over \$366 million in CDBG and Jobs Bill Funds. The following represents a category breakdown of how those funds were allocated:

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Housing	\$112,027,602	30.5%
Capital Improvements	190,739,201	52%
Neighborhood Revitalization	39,976,239	11%
Public Service	11,122,546	3%
<u>Planning & Administration</u>	<u>13,053,932</u>	<u>3.5%</u>
TOTAL	\$366,919,520	100%

Mr. Gonzalez

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December 15, 1993

This represents a commendable and worthwhile investment in San Antonio's physical environment and human resources for which we are most grateful.

When the City of San Antonio was developing its first year's program almost twenty years ago, the issue of housing was identified as a category of major concern in the near East, South and West sides of the City. Our planners also determined that in many cases, despite the severely substandard living conditions in which San Antonio families existed, housing was not the primary issue. Rather, infrastructure was of primary concern because some sections of San Antonio's Eastside, Southside and Westside were susceptible to severe flooding. Moreover, new residential development in these areas would be enormously damaged with the oncoming of a first rain. Consequently, we implemented a CDBG-funded Capital Improvement Program in target areas, helping preserve existing residential development and supporting future residential redevelopment and revitalization.

Through close-working relationships with community organizations such as COPS, Metro Alliance, the Westend Neighborhood Association, as well as several others, we identified residential streets that required reconstruction in neighborhoods plagued with inadequate drainage. For the past nineteen years, the City Council has endeavored to address the street and drainage concerns of our inner city. Mr. Chairman, I am sure you are aware of the transformation that has occurred as a direct result of the investment of federal dollars in our neighborhood Capital Improvements Program.

Today, flooding is no longer the primary issue in most of our disadvantaged neighborhoods. We are now attempting to address the issues of housing development, redevelopment, and neighborhood revitalization, with an important emphasis on infrastructure support.

Something must be done to encourage the development and maintenance of good quality, affordable housing throughout our city, with special efforts made to promote new residential development in target areas. The City Council has requested the Housing Task Force to develop a recommendation for an incentive package for the development and maintenance of good quality, affordable housing. The Housing Task Force and City Staff are currently examining such important issues as the waiver of local development fees, housing enterprise zones, and the new concept of empowerment zones, all to encourage the development of low-cost housing. Additionally, a layering system is being studied and discussed; such system would include a tax phase-in option to provide additional incentives for development in target areas.

The City of San Antonio designated \$10 million in General Revenue Funds to create a Housing Trust Fund. Approximately \$1 million is generated from such funds in interest income annually and used to enhance or complement our HUD-funded neighborhood revitalization strategies. These are a few examples of how we are utilizing local resources to address housing concerns.

With HUD funds, we have developed a program for downpayment assistance to first-time homebuyers, which has proven to be an excellent vehicle for providing home-ownership options to families that are not in need of deep subsidy. We have formulated target area replacement housing programs that address the housing issues in severely blighted areas and that render crucial assistance for families in need of deep subsidies. We are using our HOME Grants to fund neighborhood-based non-profit organizations to acquire vacant lots for the development of low-density infill housing in target areas. Preservation of that portion of our existing housing stock that can be saved is also of great concern to us, because if not addressed, it will rapidly slip into a more severe stage of deterioration that is much more costly to correct. We have targeted CDBG Funds to an Emergency Housing Repair Program which provides limited emergency assistance for homeowners to alleviate dangerous conditions and health hazards. We also have devised a CDBG-funded city-wide Housing Rehabilitation Program, spending over \$1 million each year providing substantial rehabilitation assistance in an attempt to save our existing housing stock.

Our HOME Funds are used to assist several mini-target areas, where a concentrated effort is being made to preserve our existing housing stock through substantial rehabilitation loans and grants. Both CDBG and HOME funds are being utilized to help community-based non-profit organizations acquire land for the purpose of building and, in one case, of financing the actual construction of multi-family senior citizen housing. We fully realize, however, that all of our efforts to build or provide incentives to build, to rehabilitate housing or provide incentives to rehabilitate housing, can be no more than short-term success unless we address those original issues that created the decline of our neighborhoods. We must help revitalize our inner-city neighborhoods. And we must provide the proper mix of revitalization strategies to get a healthy community pulse.

Community Development Corporations such as Avenida Guadalupe, the soon-to-be re-established Eastside Community Development Corporation, Neighborhood Housing Services and Mainstreet Alliance provide valuable insight and sometimes a different perspective of the needs of our community. Their participation is essential to our efforts to revitalize the community fabric and rejuvenate the

Mr. Gonzalez

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December 15, 1993

community spirit. Public services such as medical care, recreation and day care programs, as well as youth initiatives programs that give our youth an alternative to the streets, which, in some instances, translate into part-time or summer employment, are absolute key ingredients to our CDBG-funded Neighborhood Revitalization strategies.

Mr. Chairman, I could continue, but I believe it is obvious that San Antonio has a well-balanced program and that a tremendous amount of progress has been made as a result of our partnership with HUD for the past nineteen years. But before my time expires, there is one other issue I'd like to address, one that concerns me, the City Council, the City Manager, and our citizens and which I am sure equally troubles you. That is the issue of what has been reported in the Inspector General's monitoring report regarding the San Antonio program. Mr. Chairman, I believe it important to state that those issues cannot be accurately assessed in a vacuum. They must instead be assessed as they relate to each other. Not much has been said recently about the progress we have made together during the past 19 years.

All that I have read recently merely describes San Antonio as having a problem and being in trouble. Mr. Chairman, as you are well aware, our city suffered a multitude of problems and troubles related to the area of housing for quite some time. Because of San Antonio's successful relationship with HUD over the past nineteen years, however, those problems and troubles are being directly addressed and greatly alleviated. I respectfully submit to you that San Antonio has worked diligently to address the expenditure issues that occurred because of our programmatic activities.

Mr. Chairman, we have a concern and we will need your assistance and the assistance of Secretary Cisneros to address it. That concern is our current drawdown rate. The Inspector General's report stated that San Antonio is not spending money fast enough and that the balance in our letter or credit far exceeds that allowed by federal policy.

First of all, I wish to explain why you find us in this position. As stated earlier, in an effort to address infrastructure issues in the inner city, to preserve existing housing stock and to make the inner city suitable for new development, we developed a very aggressive Capital Improvement Program. And as stated earlier, over \$190 million have been allocated to San Antonio's Capital Improvement effort over the past nineteen years. As of November 1993, San Antonio has \$17.3 million dollars over the maximum amount that HUD will allow unexpended in our Letter of Credit. Of that \$17.3 million, \$10 million are allocated to 115 Capital Improvement

Projects that are currently under contract. The construction has begun, but funds cannot be expended until construction is completed and the city is invoiced. As far as the City is concerned, that \$10 million is legally obligated by executed Construction Contracts and, for all practical purposes, spent. It's much like going to the supermarket and writing a check for \$100 worth of groceries. That \$100 will appear in your account for a few days after the check is written, but the money is actually spent and cannot be re-allocated. Unfortunately for San Antonio, these commitments or encumbered funds are not considered expended in the HUD formula for calculating the letter of credit balance.

There are at least another \$7 million of CDBG Funds allocated to Capital Projects that are fully funded, that are needed, that are eligible for CDBG funding, that were requested by the citizenry, but that cannot be constructed until some other activity is completed, such as:

- o Acquisition of additional Right of Way;
- o Relocation of utilities; and
- o The completion of a connecting project, such as a drainage outfall.

For these projects, the City Manager is planning a major reprogramming package for late January, 1994 which will redirect HUD Funds from projects not currently under contract and which cannot be implemented quickly, to those endeavors that can be implemented this Fiscal Year. Consequently, HUD will not have to de-obligate funds from San Antonio. Last Fiscal Year, San Antonio spent almost \$17 million in CDBG Funds. Last year's entitlement award was \$16,244,000. It appears that we don't really have an expenditure problem; we have a systematic problem. We need your assistance to address this dilemma.

I believe it is extremely important to briefly explain our current position. We have been funding Capital Projects with over 50% percent of our CDBG entitlement for nineteen years and our drawdown rate has only recently been an issue.

About four years ago, the nation's cities, including San Antonio, were confronted with the possibility of severe budget reductions to domestic social programs and the Block Grant was one of those programs targeted for major reductions. In response to the possibility of funding cuts and to ensure the implementation of our aggressive Capital Improvement Program, major Capital Projects essential to our revitalization strategy were fully funded. Staff

Mr. Gonzalez

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has, and will continue to, make every effort to expedite the construction process, but some of the fully-funded Capital Projects cannot begin until existing major drainage projects are completed. These are the projects that will be affected by the January reprogramming.

Mr. Chairman, there is definitely not a shortage of need in San Antonio. Last year, our CDBG program budget was slightly under \$20 million. During the public hearing process, we received requests for over \$150 million worth of projects to be funded through the Block Grant program. It is also important to note that each and every CDBG-funded Capital Project on the list to be reprogrammed is a capital project that is important to one or more of our neighborhoods and one that will probably reappear on the list of HUD-funded projects in the near future. Briefly, in closing, I want to state that the vast majority of our program efforts have been enormously successful. I look forward to a continued partnership with HUD and an opportunity for us to help each other improve and enhance our community revitalization efforts.

San Antonio needs your help and the assistance of Secretary Cisneros to address the issue of encumbered funds created because of this city's aggressive Capital Improvement Program, so that we can once again focus all of our energy on doing great things together. Thank you.

Sincerely,



Andrew W. Cameron, Director
Department of Housing and
Community Development

pm

drew2.hearingletter

December 16, 1993, field hearing held by the
Subcommittee on Housing and Community Development,
entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
MR. ANDREW W. CAMERON

1. What program/regulatory modifications would assist San Antonio in effectively implementing the HOME program?
2. What is the primary focus of the City of San Antonio's Community Development Block Grant (CDBG) program?
3. What area of your CDBG program is experiencing the most difficulty in regards to meeting the HUD timeliness/expenditure regulation? Why?
4. Is this a local issue, or a federal policy/legislative issue?
5. What administrative activities and/or requirements are most counterproductive in terms of effective and efficient administration of HUD programs at the local level?

(MR. CAMERON'S RESPONSES)

**QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
MR. ANDREW W. CAMERON**

1. What program/regulatory modifications would assist San Antonio in effectively implementing the HOME program?

As you know, HOME is set-up as a separate entitlement targeted to housing for low income constituents and providing for new construction. Unfortunately, the administrative requirements place a burden on municipalities. We now have another entitlement program to apply for, another set of regulations to administer, another set of public meetings to hold and, another local budget process to implement. I would like to see the HOME entitlement blended into the CDBG entitlement which would result in increasing the local CDBG allocation by the amount of the HOME award. The Department of Housing and Urban Development (HUD) can then require that localities:

- Target a specified percentage of the entitlement to Housing.
- Authorize new housing construction assistance with CDBG entitlement funds.
- Require a local match for a specified percentage of the funds directed towards housing.

This would also result in maximizing the municipalities' ability to finance housing programs by eliminating the problem of commingling HOME and CDBG funds.

2. What is the primary focus of the City of San Antonio's Community Development Block Grant (CDBG) program?

In San Antonio, our primary community development program goal is to effectuate neighborhood revitalization. That requires that we engage in a host of activities to create the atmosphere in various neighborhoods that is conducive to growth. Our most common used tools for revitalization are Capital Improvements, Housing Rehabilitation, Replacement Housing, and the expansion of recreational activities and facilities.

3. What area of your CDBG program is experiencing the most difficulty in regards to meeting the HUD timeliness/expenditure regulations? Why?

Our biggest problem is with our Capital Improvement program. The problem is due to the fact that several activities are necessary to complete a capital project and they all require time and, the citizenry wants their project fully funded through construction. However, the design phase can take as long as eight to 12 months. Unfortunately, the next phase of the project cannot be determined until after the design phase is complete. The next phase could be right-of-way acquisition, utility relocation, or construction. When a contract is awarded for construction, funds are encumbered

Question #3 (Cont.)

(obligated) but not fully expended until the project is complete. For major projects, it could take over six months to complete construction.

The City however, has adopted a new procedure for funding capital projects. Currently, capital projects are funded in phases. Engineering, Right-of-Way Acquisition, Utility Relocation, and Construction are funded as separate phases of the capital project.

4. Is this a local issue, or a federal policy/legislative issue?

Really it's both. Even after we've taken the steps I've just mentioned, there is still room for the creation of a problem as it relates to our rate of expenditure. After the City Council awards contracts for capital projects, 100% of the funds are encumbered for specific projects and cannot be used for any other endeavor. Funds can only be drawn from our line of credit to reimburse for costs incurred. Therefore, for major projects the funds may not be spent for six to 12 months. HUD does not consider encumbered (or obligated) funds any differently than other unexpended funds in the line of credit. We, and other municipalities funding capital improvements with CDBG program funds, would like to see HUD give special consideration to the time it takes to implement a capital improvement program and, to funds that are legally encumbered to third party contracts.

5. What administrative activities and/or requirements are most counterproductive in terms of effective and efficient administration of HUD programs at the local level?

Reporting requirements are beginning to create a burden. Some municipalities find it necessary to hire a person for the purpose of developing the required documents such as the CHAS, APR, GPR, and Environmental Reviews. We do believe however, that the new consolidation efforts of the HUD Secretary will provide us with substantial relief.

REMARKS

BY

APOLONIO FLORES, EXECUTIVE DIRECTOR
SAN ANTONIO HOUSING AUTHORITY

TO THE

SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

U.S. REPRESENTATIVE HENRY B. GONZALEZ, CHAIR

San Antonio, Texas

December 16, 1993

Good morning, ladies and gentlemen. My name is Apolonio Flores and I am the Executive Director of the San Antonio Housing Authority (SAHA). Thank you for the opportunity to present our experiences and concerns about federal housing policies and programs.

Mr. Chairman, I want to thank you for your many years of public service spent to improve housing conditions for lower-income persons throughout the nation. Even when publicly assisted housing was not a fashionable issue, you have been on the front lines championing the preservation of existing affordable housing and the creation of new affordable housing units.

Public Housing

Mr. Chairman, your leadership is most evident in the area of public housing.

In San Antonio over 22,000 people reside in public housing. Over half (11,562) of these residents are under age 18, with 4,952 residents under age six.

San Antonio constructed its first public housing development, Alazan-Apache Courts, in 1941. Currently SAHA owns and manages 5,749 public housing units in 25 family developments, 2,181 units in 29 developments for senior citizens, and 165 scattered site houses for families. An additional 52-unit family development has been approved by HUD and will be constructed in the city's northwest sector.

The need for additional public housing units continues to grow. Presently 6,656 households are on SAHA's waiting list for public

housing. I support you, Mr. Chairman, and your colleagues, in your efforts to obtain additional funding for public housing development. We applaud your recent efforts to defeat an attempt to replace already appropriated funds for public housing development with Section 8 vouchers.

The increasing numbers of senior citizens has resulted in demand for additional public housing units for the senior citizens. Under the Public Housing Development Program, funds have only been available for development of family units. Additional senior citizens public housing units are needed to meet the demands of a population with increasing numbers of senior citizens. The Section 202 program is the only other federal program which provides funding for development of senior citizens housing. The Section 202 program has produced much needed senior citizens units but the annual allocation for San Antonio does not meet the need. Furthermore, Congress should consider changing the Section 202 regulations so that housing authorities are eligible sponsors of Section 202 developments. Presently public bodies such as SAHA are not eligible sponsors.

The maintenance and repair of our public housing units is an ongoing concern for SAHA. After years of insufficient rehabilitation funding, many of our developments are in need of comprehensive revitalization.

Mr. Chairman, we appreciate you and your colleagues' support for the authorization and appropriations for the Comprehensive Grant Program, which funds SAHA's public housing modernization. Under the Comprehensive Improvement Assistance Program (CIAP), funding for public housing modernization was based on grantsmanship and politics. Most of the funds could only be used for emergency work items. Following a breakdown of funding SAHA received under the last five years of CIAP:

<u>YEAR</u>	<u>EMERGENCY WORK ITEMS</u>	<u>COMPREHENSIVE MODERNIZATION</u>	<u>TOTAL</u>
1987	\$927,916	\$3,619,403	\$4,547,319
1988	\$1,922,805	-0-	\$1,922,805
1989	\$3,831,825	-0-	\$3,831,825
1990	\$4,465,170	\$4,952,200	\$9,417,370
1991	<u>\$13,473,986</u>	<u>-0-</u>	<u>\$13,473,986</u>
	\$24,621,702	\$8,571,603	\$33,193,305

Under the Comprehensive Grant Program, we have had a consistent level of funding which has allowed us to plan and complete work comprehensively.

SAHA currently receives \$15 million annually for the Comprehensive Grant Program (CGP). Modernizing all of SAHA's public housing

developments will require an estimated \$144 million. At current funding levels it will take us 10 years to modernize all of our units. And with time the modernization needs will increase.

The formula for the CGP does not consider federal mandates such as lead-based paint testing and handicapped accessibility modifications. However, these costs must be paid from the CGP. Congress should consider allocating additional specific funds to pay for mandated items such as lead-based paint testing and abatement.

SAHA is very excited about being selected to participate in the Urban Revitalization Demonstration (URD) program for FY 1994. We have been awarded an implementation grant to comprehensively revitalize the Spring View Apartments, a 421-unit family development located on San Antonio's east side. In addition, SAHA was awarded a planning grant for Mirasol Homes, a family development on the west side of San Antonio. We appreciate the Chairman's support of this program. The comprehensive approach of the program will enable us to address not only the physical conditions of the units but also human needs and social problems such as crime and poverty. The revitalization of Spring View Apartments will serve as a model for other housing authorities fighting the problems which plague our inner cities.

I urge your support to make the URD Program a permanent initiative, and to allow housing authorities the greatest degree of flexibility and creativity in addressing the needs of distressed public housing developments.

Public housing is an important resource for very-low-income families. SAHA is working to improve the livability and safety of its public housing developments, and, in some instances, density reduction is necessary. But we must have replacement housing. I wholeheartedly support the requirement that units demolished or disposed of must be replaced on a one-for-one basis. The need for subsidized housing is so great that no public housing units should be lost.

The requirement for replacement housing should be expanded to include units lost through reconfiguration of interior space without demolition. The units lost should be replaced on a one-for-one basis.

SAHA is also faced with obsolete developments such as the Rex Apartments. The Rex Apartments, which consists of 15, 2-story walkup buildings for senior citizens located on the San Antonio River. The complex is poorly designed for senior citizens, is in poor physical condition and lacks the basic amenities needed for senior citizens. At a comparable cost for modernization, the development could be demolished and rebuilt to include central air

and heat, security, elevators, and community space to provide supportive services. The livability of the development will be enhanced and the projected life of the buildings extended by many years. Very-low-income senior citizens could continue to enjoy living in downtown housing on the San Antonio River.

An issue of concern to residents of developments for senior citizens has been the legislation to designate these developments for senior citizen occupancy only. We look forward to the publication of the implementing regulations by the U.S. Department of Housing and Urban Development (HUD). SAHA plans to designate all of its senior citizens developments for senior citizens only, and is working to satisfactorily relocate non-senior citizens residents.

Section 8 Existing Housing Programs

In addition to public housing, SAHA's other major housing assistance program is the Section 8 Existing Housing Program. SAHA presently administers 8,170 Section 8 certificates and vouchers.

The demand for SAHA's Section 8 certificates and vouchers greatly exceeds the available assistance. The number of new certificates and vouchers allotted to SAHA is very small compared to the number of families on the waiting list for rental assistance. San Antonio has applied at every opportunity for additional certificates and vouchers. But since 1988, the number of allocations issued to San Antonio has only increased by 600 units, or 7 percent. At the same time the number of families on the waiting list doubled from 12,000 to 26,189. The waiting list is presently closed due to the extremely high number of applicants and the very slow turnover rate. Applicants presently wait four to six years for assistance.

The number of persons requiring rental assistance in San Antonio continues to increase as rental rates rise and vacancy rates decrease. I strongly urge you to support increasing the funds for Section 8 housing assistance.

I support the merger of the Section 8 Certificate and Voucher Program which could reduce the confusion, paperwork, and costs of the program for tenants, landlords, local housing agencies, and HUD. However, I share your concern, Mr. Chairman, for a need to cap the percentage of income that a family is allowed to pay for rent. We believe that the current 30 percent of income is appropriate, but if participants are allowed to voluntarily pay more, they should pay no more than 35 percent of adjusted income for rent. Permitting participants to pay over 35 percent of their income for rent places an undue burden on residents who will have to forego other necessities to pay rent. Housing authorities should establish the maximum rent charged by landlords for Section 8 housing based on the local housing market.

Currently only 13 percent (128 of 990 families) of participants in SAHA's voucher program pay more than 30 percent of adjusted income for rent. For the majority of participants the certificate and voucher programs are identical and provide the same assistance. Merging the two programs would increase administrative efficiency without realizing a loss in benefits to very-low-income households.

I also recommend that you review the methodology used to determine the Fair Market Rents (FMR) for the Section 8 Housing Assistance Program. Following is a schedule of the FMRs for SAHA from FY 1990 to FY 1994:

<u>Monthly Fair Market Rents</u>					
<u>Fiscal Year</u>	<u>0-Bdrm</u>	<u>1-Bdrm</u>	<u>2-Bdrm</u>	<u>3-Bdrm</u>	<u>4-Bdrm</u>
1990	\$329	\$399	\$470	\$588	\$658
1991	\$337	\$409	\$482	\$603	\$675
1992	\$357	\$434	\$511	\$638	\$715
1993	\$331	\$402	\$473	\$591	\$662
1994	\$338	\$389	\$504	\$701	\$827

Since 1990 private market rental units in San Antonio have experienced increased occupancy and increased rental rates. However, in 1993 the FMRs established by HUD were lowered to about 1990 levels. The 1994 FMRs have been increased to about 1991-1992 levels. Section 8 participants are having a difficult time finding suitable units since private sector families are able to pay a higher rent. Lower FMRs also resulted in limited access of low-income families to non-impacted areas.

Since the administrative fee paid to SAHA is computed as a percentage of the two-bedroom FMR, a decrease in the FMRs results in less administrative funding even though the same number of families are assisted and administrative expenses increased. Administrative expenses increased, particularly to administer the Family Self-Sufficiency (FSS) Program, and most of our recent allocations have been solely for the FSS Program. We are concerned about limited increases to administrative fees. SAHA's Administrative Fee was reduced from \$39.09 per unit in FY 1992 to \$36.18 per unit in FY 1993, a loss of about \$285,000 per year. SAHA was not held harmless for FY 1993 as housing authorities with reduced FMRs for 1994 were. Based on the actual FMR for a two-bedroom unit, SAHA's Administrative Fee for FY 1994 should be \$38.56 per unit. However, recent legislation limits our FY 1994 Administrative Fee to a 3.5 percent increase from the FY 1993 level. Our revised FY 1994 Fee is \$37.45, which is less than we received in FY 1992.

Finally, the Section 8 Homeownership Program, authorized by legislation, should be implemented. The program could utilize HUD-

owned properties as well as properties owned by the Veterans Administration and Resolution Trust Corporation (RTC) to provide homeownership opportunities to low-income households.

Resident Services and Initiatives

SAHA has implemented extensive services for residents of assisted and public housing. Services to residents are provided directly by SAHA and by other non-profit and public agencies.

SAHA has a very active and growing FSS Program. Currently 124 Section 8 housing assistance recipients and 56 public housing residents are participating in the program. Another 143 families are starting their third year of participation in the Operation Bootstrap Program. In addition, 156 families are currently in the assessment phase prior to entering into housing assistance contracts. Ninety-six units at Alazan-Apache Courts currently undergoing comprehensive modernization will be available for occupancy by FSS participants next year. We are in the process of recruiting families for the program.

The FSS Program provides support services which enables participants to reach the ultimate goal of economic self-sufficiency and independence from public assistance. In the process of meeting their goal participants also develop confidence, self-respect, and independence. Altering long-established attitudes and behavior is difficult and requires intensive interaction between the participant and trained case workers.

The FSS Program has tremendous potential for breaking the cycle of dependency and restoring the original purpose of public housing as providing transitional housing for persons in need. However, housing authorities have been mandated to offer an FSS program but are not funded for the required additional administrative expenses. In order to implement a successful program, funds are needed to hire case workers and provide comprehensive supportive services.

Opportunity for employment and upward mobility of residents is recognized by SAHA as a key initiative for economic self-sufficiency. Since 1980 SAHA has been committed to employing its public housing and Section 8 residents. During the 1980s, 301 residents were hired by SAHA. Since 1990 an average of 58 residents per year have been hired. Residents are represented throughout the workforce in positions ranging from clerk-typist and maintenance helper to housing manager and maintenance supervisor. Annual earnings range from \$12,455 to \$25,929.

Presently 173 employees, 31 percent of the total SAHA workforce, are current or former public housing residents. The current annualized payroll for these 173 employees is \$2,391,225, an average of \$13,822. The total annualized payroll for the resident-

employees at the time they entered the SAHA workforce was \$1,698,707. The earnings of the resident-employees have increased by an average of 41 percent.

Currently all SAHA entry-level job vacancies are filled by residents of public housing and Section 8. Residents who do not meet the minimum job qualifications requirements are placed in on-the-job training programs, classroom training at local community colleges, and federally-assisted job training programs. A special program initiated in July 1992 utilizes Job Training Partnership Act (JTPA) and CGP funds to train residents in building maintenance and repair.

In order to enhance resident-employees' career advancement opportunities and to insure a competent and efficient workforce, SAHA entered into an agreement with the Guadalupe Learning and Leadership Development Center to provide GED classes twice a week. Currently 19 resident-employees are enrolled and taking their GED exams, while three others have obtained their GEDs. This program was initiated in June 1993. As participants complete GED requirements, they submit their certificates to SAHA's Personnel Division and indicate whether they want to be placed on a list for additional training which may result in a promotion, when vacancies occur, into the next rung of their career track.

The opportunity to obtain a GED has had positive effects not only on our employees but on family members. This opportunity is made available to all SAHA employees who have not obtained a GED.

A component of FSS is a SAHA Job Share Work Study Program. Four clerk-typist positions have been set aside to be shared between eight FSS Program participants. Authorized to work up to 20 hours per week, an income is provided while the FSS participants are enrolled in an educational program to meet their FSS Contract of Participation goals.

SAHA is also assisting public housing residents in creating jobs for themselves and other residents by establishing private businesses. Residents have started businesses which provide lawn maintenance and landscaping services, janitorial services, childcare, and laundry facilities. Under the Resident Business Initiatives program SAHA contracted with nine newly created businesses owned by public housing residents and employing 35 residents to provide lawn maintenance, landscaping, and janitorial services at public housing developments. The total annual dollar value of the contracts was \$311,220 for FY 1993.

The Resident Business Initiatives Program was recently expanded to include childcare services and laundry facilities. Four residents are in the process of establishing childcare services at public housing developments. Three of the businesses will be in-home day

care, and the fourth will be housed in a five-bedroom unit off the rent roll. In addition, residents have established laundry businesses at two of the developments. Resident operated laundromats are proposed for two additional developments.

SAHA is also working with San Antonio College to offer a pest control applicator training for residents of public housing. Residents who successfully complete the course and who subsequently obtain their pest control license will have self-employment opportunities available through SAHA.

Another economic development program was initiated in response to SAHA's need to rehabilitate houses donated by the RTC. SAHA has acquired 184 properties, mostly single-family, from the RTC through its Donation Program. The properties were donated to SAHA because they had no net realizable value; that is, they were worthless. About one-fourth of the properties are rehabilitable, with the remainder slated for demolition and new construction of housing on the same site. After rehabilitation the single-family houses are being sold to low-income families on a lease-purchase basis. Families living in assisted or public housing are given priority in purchase of the houses. To date 28 families have entered the lease-purchase program.

Nine of the RTC Donation Program properties have been rehabilitated by participants in SAHA's Youth Employment Project. This program provides job training and employment to high school students interested in construction trades. The program is operated by SAHA in conjunction with the San Antonio Independent School District, and the San Antonio WORKS Program of the City of San Antonio. The program is funded by SAHA, the San Antonio Housing Trust and the Job Training Partnership Act (JTPA).

The Youth Employment Project also includes automobile and lawnmower maintenance and repair, and welding to repair dumpsters, and fabricate steel picket fencing for the housing developments. We are proud of the success of the Youth Employment Project.

In order to support residents in obtaining employment, SAHA has facilitated childcare services for 743 children at nine housing developments. Four of the centers are housed in free-standing buildings. The other five are housed in dwelling units off the rent roll, and converted to childcare centers. All but one of the centers are operated by Parent-Child Incorporated, which is funded by the Head Start Program. As discussed previously, we are in the process of establishing childcare services to be provided by residents.

Youth living in public housing developments are also served by the Public Housing Drug Elimination Program (PHDEP). SAHA has received four competitive grants since 1990 under PHDEP, and we

intend to participate in the Community Partnerships Against Crime (COMPAC) program proposed to replace PHDEP. Services provided under the PHDEP grants have included drug education, substance abuse prevention classes, self-esteem building activities, a drug abuse prevention conference, HIV-AIDS education, parenting classes, youth recreational activities, economic development, and security improvements.

Most of the programs provided under PHDEP and other resident service programs are offered at the public housing developments, easily accessible to the residents. Activities requiring space include meetings, classes, counseling, and youth recreation. However, the existing community buildings at the developments are much too small to accommodate all of these activities.

The maximum space allowances for community services facilities from the Public Housing Modernization Standards Handbook, published in 1985, have not been updated to reflect the federal emphasis on providing supportive services to residents. For example, the maximum community space allowed for Alazan-Apache Courts, a 1078-unit family public housing development, is 8,300 square feet. Currently we have 8,600 square feet of space in dwelling units taken off the rent roll to be used for supportive services and resident initiatives programs. In addition, the development contains a 3,125 square feet community building which is used extensively for meetings, classes, after school programs, and Resident Association events. Additional services could be provided to residents if community facilities were available. This allocation of space for community services is typical of the requirements at SAHA's large public housing developments.

Presently 85 dwelling units have been removed from the rent roll to provide facilities for social services such as childcare centers, drug counseling, family support, after-school programs, mother-infant programs, adolescent pregnancy prevention programs, and primary health care.

Another important resident service is security for residents of public housing developments. Security at developments for senior citizens has been improved by the implementation of the Live-in Security Program, another public housing improvement supported by Chairman Gonzalez. Under this program security personnel, including licensed security officers and police officers, live in public housing units. Participants provide security services at 16 developments for senior citizens in lieu of paying rent.

Under current regulations in the Performance Funding System, housing authorities lose operating subsidy when a unit is taken off the rent roll and used for security purposes unless a waiver is requested and approved. In addition, rental income charged to security personnel is offset against operating subsidy. Mr.

Chairman, HUD needs to correct this inequity.

A local crime prevention initiative which could provide a model for other housing authorities is the Cellular On Patrol (COP) program. SAHA is working with the City and the San Antonio Police Department to adapt the COP program for public housing developments. Volunteers with cellular phones patrol neighborhoods and report suspected crime to designated police stations. Volunteers complete a training program which includes patrolling with San Antonio police officers. The program uses cellular phones donated by Southwestern Bell Mobile Systems. The City has established a non-profit organization to accept donations for the program.

As mentioned previously, over half of SAHA's public housing residents are under age 18. SAHA has established a number of programs to provide recreational activities, employment, and educational opportunities for youth. Over 1,500 youth participate in SAHA's Sports and Recreation Program. Sports teams play baseball, volleyball, and basketball year round. Youth are also participating with local artists to do painting, ceramics, writing, poetry and cultural events. During the summer the City employs 300 youth who are public housing residents. These young people work at SAHA in all departments. In Summer 1993, 50 youth from public housing were given scholarships to attend a special mathematics and engineering Program at the University of Texas at San Antonio. SAHA also sponsors a mentorship program pairing university students with residents, and tutoring classes. Mr. Chairman, during your appearance at Alazan-Apache Courts you will hear from a resident-employee who is responsible for much of the success of this program.

HUD Reorganization

I have been following with interest the Reinvention of HUD established by Secretary Cisneros. I support the Secretary's efforts to make HUD more customer-oriented and mission-driven. Since housing authorities work closely with HUD to carry out programs, administrative changes at HUD will directly affect local housing agencies. We are confident that HUD Secretary Cisneros, his Senior Advisor and Assistant to the Secretary for Field Management Frank Wing, and the Program Assistant Secretaries will achieve their goal of excellence in management and make HUD work better for the customer and is effective, efficient and responsive.

As the proposed reorganization is finalized, I will be happy to provide the Subcommittee with additional comments on the plan.

As part of the reorganization of HUD, an analysis should be made of the extent to which HUD administers programs that could be more efficiently and effectively administered through local housing

authorities. For instance, the current law provides that the Section 8 Program shall be administered by local housing authorities unless the local housing authority declines or is troubled. HUD administers contracts for thousands of Section 8 and other subsidized units in privately-owned properties, including Section 8 set-asides, Section 8 New Construction, and Section 202 housing. Most of these properties are located where a local housing authority exists that has adequate staff to verify the eligibility of participants, inspect units for housing quality standards, and coordinate contracts with owners and residents. HUD and Congress should transfer the contract administration to local housing authorities. HUD would realize significant savings and achieve greater effectiveness and efficiency through local housing authority administration of all Section 8 Assistance contracts.

Resolution Trust Corporation

Mr. Chairman, you are to be commended for your leadership in enacting the Financial Institutions Reform and Recovery Act of 1989, which authorized the creation of the Resolution Trust Corporation (RTC). The affordable housing provisions of the Act, including those related to the RTC, the Community Reinvestment Act, the Home Mortgage Disclosure Act, and the Federal Home Loan Bank's Affordable Housing Program, and Community Reinvestment Program have been utilized extensively to preserve and create additional units of affordable housing.

The RTC Affordable Housing Disposition Program requires that certain multifamily residential rental properties that have an appraised value below the Section 221(d)(3) applicable dollar amounts must be made available to qualified purchasers. The qualified purchasers include private, for-profit investors, nonprofit organizations, and public agencies.

Occupancy restrictions mandate that 20 percent of the units must be occupied by very-low-income families, defined as families whose annual household income does not exceed 50 percent of the HUD area median income, and an additional 15 percent of units must be occupied by low-income families, defined as families whose annual household income does not exceed 80 percent of the HUD area median income, adjusted for family size. Rents for very-low income occupancy units must not exceed 30% of 50% of the HUD area median income, and rents for low income units must not exceed 30% of 65% of the HUD area median income. Qualified purchasers must execute a Land Use Restriction Agreement as a covenant that commits the income-eligibility occupancy restrictions for the remaining useful life of the property.

Overall, our experience in purchasing properties under the RTC's Affordable Housing Program has been a productive one in which we

have been able to expand the supply of affordable housing to very low to moderate income residents. We applaud the RTC for developing the Direct Sale Program, providing financing for public agencies, and entering into agreements to provide technical assistance. We only wish the Direct Sale Program had been established earlier for local public agencies when some of the best properties were made available to for-profit investors and speculators throughout the country. Prior to the establishment of the Direct Sales Program, the RTC sold their properties to the highest bidder, and it was difficult for local public agencies or non-profits to acquire properties. Many properties were sold to private investors and newly created non-profit organizations from out of state.

SAHA has purchased three multi-family properties, with 358 units, from the RTC under its Affordable Housing Program. We have three additional properties under contract. As previously described, SAHA has also acquired 184 single-family properties through the Donation Program.

The Direct Sale Program provides a good model for the disposition of multi-family housing affordable for lower income families. The RTC has created additional affordable housing through the use of restricted rents and income limits with 35 percent of units set aside for very-low and low income families. The sales price for properties is calculated using an income approach to value which takes into account the restricted occupancy and rents.

The restricted rents, seller financing, and discounted sales prices assure that housing is affordable. However, without additional subsidies, the RTC program does not serve very-low-income families such as AFDC recipients who not have incomes sufficient to afford the low rents.

We support the RTC's efforts to include in the Direct Sale Affordable Housing Program properties that are in conservatorship and those of other Federal agencies such as the Federal Deposit Insurance Corporation.

Disposition of HUD-Owned Properties

SAHA has purchased two multi-family properties from HUD. We are currently in discussion with HUD to acquire three additional multi-family properties from HUD.

The RTC's Direct Sale Program should be used as a model in the disposition process for HUD's multi-family properties. In revising the process, we agree that HUD should preserve existing subsidized units. HUD also has an excellent opportunity to add additional affordable units to the housing stock through the use of rent restrictions similar to RTC's requirements.

HUD should utilize an income approach to value in computing the sales price for properties rather than the appraised value. The calculations used to determine the sales price could be similar to the RTC's Affordable Market Value Methodology. The cost to cure immediate physical deficiencies, including Section 504 requirements, and operating deficits should be subtracted from the supportable loan amount to produce the sales price.

Properties with substantial rehabilitation needs and/or low occupancy rates may have a negative value utilizing the income approach. Properties with negative values should be transferred to a public agency, such as a local housing authority, at a cost of \$1 with requirements that rehabilitation be completed within a specified time period. In some instances, HUD should consider grants to rehabilitate units. HUD needs to also encourage states and cities to provide CDBG and HOME Funds to housing authorities for acquisition and rehabilitation of these properties.

HUD should offer seller financing on properties which cannot qualify for conventional financing due to physical condition or market conditions. Bridge loans should also be available for buyers who can secure permanent financing from other sources within two years. Many jurisdictions allocate funds such as CDBG and HOME at only one time during the year. Funds may be available but the timing is not compatible with transfer of the property.

Modifying the disposition process for HUD's multifamily properties will result in tremendous cost savings due to decreased holding costs. Last year it cost the federal government over \$250 million to hold and manage these properties.

Mr. Chairman, we urge you and your colleagues to work with Secretary Cisneros to develop an effective and efficient disposition program for HUD properties.

OTHER PROGRAMS TO PROVIDE AFFORDABLE HOUSING

Low Income Housing Tax Credits

SAHA is utilizing Low Income Housing Tax Credits to undertake two affordable housing developments. The developments are the rehabilitation of a 158-unit apartment complex located in the southwest sector of San Antonio, and the new construction of a 29-unit apartment complex for senior citizens located on the near west side of the city. Occupancy is restricted to renters with not more than 60 percent of the adjusted median family income for the San Antonio SMSA, and rents may not exceed 30 percent of that income adjusted for family size. In Texas the low-income affordability of these housing developments is 40 years.

The Low Income Housing Tax Credit is a program authorized by the Tax Reform Act of 1986 to provide tax credits for owners and investors in low income rental housing projects. The tax credit is a fixed percentage of certain acquisition or development costs. Investors can acquire the tax credit by purchasing an equity interest (usually in an amount ranging from 30 to 60 cents for each dollar of tax credit sought) in a limited partnership that has been allocated an amount of tax credits by the Texas Department of Housing and Community Affairs for the development of qualified projects. The equity contributions infuse cash capital into the funding for the project and reduce the amount of debt and other financing needed to pay development or operating costs. The tax credit allows investors to take a dollar-for-dollar reduction in their tax liability for a certain amount each year for ten years.

The Low Income Housing Tax Credit program was created in part to enable public housing agencies and nonprofit corporations to develop housing by using the self-interest of for-profit investors who wanted to reduce their tax liability. However, public agencies and nonprofits have been slow to learn how to take advantage of the tax credit incentives and the program has largely benefited for-profit developers. Our use of the tax credit illustrates how it can be used to provide long-term affordability for the maximum number of units in partnerships between a public housing authority and for-profit investors. This experience can be easily reproduced by other public housing authorities who want to develop additional affordable housing through private investment.

Without funding from the Low Income Housing Tax Credit program, these developments would not be financially feasible. The permanent extension of the Low Income Housing Tax Credit was necessary to continue the creation of affordable housing. I applaud the Chairman's support for permanently extending the tax credit program.

HOME Investment Partnerships Program

The National Affordable Housing Act of 1990, the Cranston-Gonzalez legislation which you co-sponsored, created the HOME Investment Partnerships Program. The HOME program provides a block grant to states and entitlement cities to support the development of affordable housing through owner-occupied rehabilitation, first-time homebuyer, new construction, and rental rehabilitation activities.

SAHA has received allocations of HOME funds from both the City of San Antonio and the State of Texas to undertake development of affordable housing. The City awarded SAHA funding for seven developments ranging from rehabilitation of a 30-unit apartment complex to purchase of single-family vacant lots for the

construction of new housing. The HOME Program provides partial funding for these housing activities.

SAHA also received funds to administer an owner-occupied housing rehabilitation program in a neighborhood on the city's south side. SAHA is also serving as the developer for the St. James Housing Trust, a non-profit organization certified as a Community Housing Development Organization (CHDO) by the City. The organization obtained funding to purchase the land for construction of an apartment complex for senior citizens.

SAHA obtained HOME funds from the Texas Department of Housing and Community Affairs to demolish and reconstruct three small multi-family properties donated by the RTC. One of the projected funded is the construction of a 9-unit apartment complex for occupancy by persons with AIDS.

Affordable Housing Program, Federal Home Loan Bank of Dallas

SAHA has received funding for three developments from the Affordable Housing Program of the Federal Home Loan Bank of Dallas. All three developments are the new construction of apartment complexes for senior citizens.

Other Programs

SAHA has utilized other state and local programs to fund development of affordable housing developments. In addition, bank financing was utilized to finance the acquisition of two multi-family properties from the RTC. The San Antonio Housing Trust has funded additional developments, and the Texas Department of Housing and Community Affairs has provided a below-market loan to a rehabilitation project.

In order to develop housing affordable to very-low and low-income families, we must utilize a variety of federal, state and local funding sources. The Villa de San Alfonso project, for example, the new construction of a 29-unit apartment complex for senior citizens, is financed by five different funding sources.

SAHA is presently developing two multi-family properties which utilize both Low Income Housing Tax Credits and the HOME Program. In order to be financially feasible, our development projects need to utilize the full benefit of both programs. However, sponsors utilizing both programs to develop the same property cannot realize the full benefits of both programs. The situation was improved in August 1993 when Congress changed the tax credit statute to allow use of the maximum credit of up to 9 percent for new or substantially rehabilitated tax credit projects using HOME funds.

Previously HOME funds were deemed to be federally subsidizing financing, and owners were only entitled to a tax credit up to 4 percent. Under the new legislation, HOME funds are not deemed to be federally assisted if at least 40 percent of the units in the building are rented to tenants earning less than 50 percent of the median income. In addition, developments utilizing HOME funds and claiming the 9 percent credit are not eligible for the 30 percent increase in eligible basis allowed in areas designated by HUD as difficult to develop or having high construction costs. I appreciate Congress changing the tax credit statute so that HOME funds can be used more easily with the Low Income Housing Tax Credit program. I urge your support of efforts by the National Counsel of State Housing Agencies to clear obstacles to using both of these programs on the same project.

Summary

This concludes my remarks today. I appreciate the opportunity to tell you about SAHA's experiences in providing affordable housing and resident services. I would be happy to provide you with additional information on any of the topics I have addressed. I would especially like to thank my staff for their hard work in assisting me in preparing these remarks. Thank you for your consideration of these remarks, and for holding this hearing in San Antonio.

December 16, 1993, field hearing held by the
Subcommittee on Housing and Community Development,
entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO MR. APOLONIO FLORES

1. Premise: Given the dramatic need for child care services so low income public housing residents can obtain employment, what is the Housing Authority doing to expand child care at all public housing developments for families?

Have residents been given an opportunity to operate licensed day homes in their apartments?

2. Premise: Residents complain that SAHA does not maintain their apartments in good condition even though SAHA receives millions of dollars from HUD to modernize the apartments. The family developments reflect poor maintenance and neglect.

What is SAHA doing to ensure that all the apartments are maintained in good condition and meet the Housing Quality Standards?

If the problem is due to abuse by the residents, what is SAHA doing to screen new residents and to enforce the terms of the lease to evict tenants who are destructive?

3. Premise: Some constituents have complained about the multimillion dollars spent by SAHA to construct an elaborate corporate headquarters building.

In light of the poor condition of the public housing apartments in San Antonio, why did SAHA invest its resources for administrative purposes which did not create or improve housing?

4. Premise: We understand that SAHA has established several non-profit entities underwritten with excess Section 8 funds.

How many non-profit entities have been spun off by SAHA?

What is their purpose?

Who appoints the Board of Directors?

To whom are these entities accountable to ensure that all transactions are open to the light of day?

Do SAHA employees also work for these non-profit corporations?

If so, are the salaries of these employees prorated to ensure that administrative expenses are not a burden to the public housing program?

If SAHA had excess funds available from the Section 8 programs, why did SAHA not invest these funds in rehabilitating the public housing units that are in poor condition?

How can SAHA maintain the dwelling units owned by the non-profit entities in good condition, but it does not maintain the public housing units at a comparable level?

(Contains Mr. Flores' response regarding average sizes of the apartments in public housing and his responses to Chairman Gonzalez' questions)

CHRISTINA L. GARCIA
Chairwoman
CHARLES C. ANDREWS, JR.
Vice Chairman
KENNETH M. WILLENBERG
Commissioner
PABLO ESCAMILLA
Commissioner
LAURA CALDERON
Commissioner

S A H A

HOUSING AUTHORITY OF THE CITY OF SAN ANTONIO

818 S. Flores Street
P. O. Box 1300
San Antonio, TX 78295-1300
210-220-3210
FAX: 210-227-9307

APOLONIO INOYDI FLORES
Executive Director
FRANK E. HORNBY, JR.
Deputy Executive Director

February 22, 1994

The Honorable Henry B. Gonzalez
Chairman
Subcommittee on Housing & Community Development
of the Committee on Banking, Finance & Urban Affairs
Attn: Ms. June Lawrence
Room B-303, Rayburn House Office Bldg.
Washington, D.C. 20515

Dear Chairman Gonzalez:

The following responds to the questions and request for additional information related to my appearance and testimony before your subcommittee on December 16, 1993, at San Antonio, Texas:

1. Page 131 - The average sizes of the apartments in Public Housing are:

Bedroom Size	No. of Units	Average Square Feet
-0-	493	380
1	2,336	570
2	2,625	675
3	1,954	835
4	504	1,035
5	101	1,300

2. Non-profit Corporations - San Antonio Housing Authority (SAHA) has established eight non-profit corporations as its instrumentalities to provide affordable housing and enhance the efficiency and effectiveness of the Public Housing and Section 8 Programs. These non-profit corporations are:

San Antonio Housing Facility Corporation
San Antonio Housing Development Corporation
San Antonio Housing Finance Corporation
San Antonio Housing Assistance Corporation
San Antonio Housing Authority Foundation, Incorporated
Pecan Hill Apartments, Incorporated
Pin Oak Apartments, Incorporated
Sunshine Plaza Apartments, Incorporated



Member - National Association of Housing and Redevelopment Officials



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The Board of Commissioners appointed by the City Council serves as the Board of Directors of the non-profit corporations.

The corporations are directly accountable to the SAHA, and as explained below, the Finance Corporation has certain approval requirements by the City Council. There are also State and Federal accounting and reporting requirements. Their records are available to the public. Meetings are open to the public and are usually held at the same time as SAHA Board of Commissioners meetings. Notices of meetings are posted as part of the public notices for meetings of the SAHA Board of Commissioners.

The Housing Authority has a cost-allocation plan that is submitted to HUD annually as part of our operating budget. This cost allocation plan prorates costs to all activities (e.g., Public Housing, Section 8, non-profit corporations) on a fair and equitable basis. It has been reviewed by the General Accounting Office (GAO), HUD's Office of the Inspection General, HUD program personnel, and independent public accounting firms (i.e., CPAs).

SAHA employees perform work for the non-profit corporations, and their salaries are prorated accordingly. There is no burden to the Public Housing programs but there are significant cost savings.

A description of the nonprofit corporations follows:

SAN ANTONIO HOUSING DEVELOPMENT CORPORATION (SAHDC) - This corporation was formed in 1977 under the Texas Non-Profit Corporation Act and is approved as an exempt corporation under Section 501(c)(3) of the Internal Revenue Code (IRC). Its initial primary purpose was to obtain tax-exempt financing to develop housing for senior citizens with rental assistance under HUD's Section 8 New Construction (NC) Program. In 1978 the Corporation developed 250 apartments consisting of Pecan Hill Apartments (100 units), Pin Oak Apartments (50 units), and Sunshine Plaza Apartments (100 units).

When the bonds for these housing developments were defeased in 1988, HUD mortgage insurance requirements provided that each of these housing developments be owned by a separate entity, rather than all being owned by the SAHDC. Accordingly, it was necessary to form non-profit corporations and to transfer title to the housing developments to them:

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Pecan Hill Apartments, Incorporated
 Pin Oak Apartments, Incorporated
 Sunshine Plaza Apartments, Incorporated

The SAHDC and the three subsequent non-profit corporations are similar to non-profit corporations formed by other Housing Authorities for developing housing under HUD's Section 8 NC Program.

SAN ANTONIO HOUSING ASSISTANCE CORPORATION (SAHAC) - This corporation was formed in 1981 under the Texas Non-Profit Corporation Act and is approved as an exempt corporation under Section 501(c)(4) of the IRC. Its sole purpose is a waste disposal operation for the SAHA.

This corporation was formed because of (1) a lack of adequate service by the City and private contractors, (2) the Housing Authority could provide the service on a more effective basis at a savings of about 35 percent, and (3) HUD not funding the Housing Authority to undertake these services or allow the Housing Authority to borrow the needed funds. HUD acknowledged that the Housing Authority could attain significant efficiency and effectiveness based on the Housing Authority's proposal and had no objections accordingly.

Consequently, we formed the SAHAC and obtained financing from a local bank. The loan proceeds were used to purchase vehicles, dumpsters, equipment, and short-term working capital. The Housing Authority is charged a fee less than that charged by a private commercial firm or that would be charged by the City. The charge to the Housing Authority is based on cost recovery, including a reserve for replacement of equipment (depreciation). It is estimated that since 1981, the Housing Authority has saved about \$1.5 million. The SAHAC has also provided employment opportunities to youths that reside in Public Housing.

PECAN HILL APARTMENTS, INCORPORATED - This corporation was formed in 1988 to serve as the owner of Pecan Hill Apartments, a 100-unit housing development for senior citizens with rental assistance under HUD's Section 8 NC Program. When the original bonds were defeased in 1988 and mortgage insurance was obtained from HUD under Section 223(f) of the National Housing Act (NHA), HUD required that we create an ownership entity for each housing development, rather than retaining ownership of all three housing developments in the SAHDC. Accordingly, Pecan Hill Apartments, Incorporated, was created and the SAHDC

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transferred ownership of the housing development to the new corporation.

PIN OAK APARTMENTS, INCORPORATED - This corporation was formed in 1988 to serve as the owner of Pin Oak Apartments, a 50-unit housing development for senior citizens with rental assistance under HUD's Section 8 NC Program. When the original bonds were defeased in 1988 and mortgage insurance was obtained from HUD under Section 223(f) of the NHA, HUD required that we create an ownership entity for each housing development, rather than retain ownership of all three housing developments in the SAHDC. Accordingly, Pin Oak Apartments, Incorporated, was created and the SAHDC transferred ownership of the housing development to the new corporation.

SUNSHINE PLAZA APARTMENTS, INCORPORATED - This corporation was formed in 1988 to serve as the owner of Sunshine Plaza Apartments, a 100-unit housing development for senior citizens with rental assistance under HUD's Section 8 NC Program. When the original bonds were defeased in 1988 and mortgage insurance was obtained from HUD under Section 223(f) of the NHA, HUD required that we create an ownership entity for each housing development, rather than retaining ownership of all three housing developments in the SAHDC. Accordingly, Sunshine Plaza Apartments, Incorporated, was created and the SAHDC transferred ownership of the housing development to the new corporation.

SAN ANTONIO HOUSING FACILITY CORPORATION (SAHFC) - This corporation was formed in 1982 under the Texas Non-Profit Corporation Act and is approved as an exempt corporation under Section 501(c)(3) of the IRC. Its initial purpose was to obtain tax-exempt financing from a local bank for the construction of a central administration building for the Housing Authority. This was done in lieu of continuing to rent office space. The rental payments by the Housing Authority meet debt service; in other words, an expense was converted to an asset. As a result of this acquisition, significant savings and productivity enhancements have been attained.

This corporation also owns a warehouse which serves as a central location for storage of materials, supplies, and appliances, central maintenance activities, various production shops and other activities. Similar to the central administration office, this acquisition in 1982 was made in lieu of the Housing Authority leasing a warehouse. And again, significant savings and productivity enhancements have been achieved.

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HUD provides development and/or modernization funds to Housing Authorities to build or acquire administrative offices and central maintenance and warehouse facilities. For many years HUD denied funding to this Housing Authority for these purposes. Consequently, about 75 percent of its central administrative staff was officed in privately-owned leased office space and the remainder at the original office for Victoria Courts.

The Housing Authority had no warehouse or central storage facility. It's central maintenance operations were housed in woefully inadequate space at the Rex Apartments.

The Housing Authority submitted information to HUD to support that it could own its central administrative office at less cost than what it was paying in rent. HUD agreed but would not provide funds. HUD had no objections to the creation of a non-profit corporation to develop and own the central administration building and lease it to the Housing Authority so long as the Public Housing Program would not be charged more than it was currently paying for leasing privately owned space. We proceeded accordingly, and when the debt is retired the Housing Authority will no longer pay rent, but will be responsible for maintenance, repair, insurance, and related operating expenses.

The serious problem of not having a central maintenance and warehouse facility for its operations was compounded by HUD requiring under the 1982 CIAP that the Housing Authority perform its modernization by force account. HUD would not provide the Housing Authority development or modernization funds to construct or acquire a warehouse, but approved renting a warehouse with modernization funds to support the work by force account.

HUD agreed with the Housing Authority's determination that it was less costly to acquire the rented warehouse, but would not provide funds for acquisition. HUD had no objections to the San Antonio Housing Facility Corporation acquiring the warehouse and renting it to the Housing Authority so long as costs did not exceed the rental being charged by the private owner. Accordingly, the warehouse was acquired and rent was paid with modernization funds while force account work was on-going.

Although we had a highly successful labor intensified force account program, HUD required in 1987 that we discontinue the program and contract out all modernization. No explanations were provided by HUD. Since then the Housing Authority has used the warehouse rent free. The Housing

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Authority pays for maintenance, repairs, insurance, and utilities.

Due to growth, particularly under the Comprehensive Grant Program (CGP), we have out grown the current warehouse. We have acquired about 10 acres off IH-35 near downtown in the City's West side, for construction of a central maintenance facility. It will be funded by the CGP. The current warehouse will be used primarily for warehousing, but may also provide office space for resident-owned business as contracting with SAHA.

The SAHFC also owns and manages multifamily rental properties that provide affordable housing to low-income renters.

SAN ANTONIO HOUSING FINANCE CORPORATION (SAHFnc) - This corporation was formed in 1981 under the Texas Housing Finance Corporations Act (Texas Local Government Code, Chapter 394). This state law authorizes the establishment and operation of such corporations by a municipality, and the City delegated that authority to the San Antonio Housing Authority.

Simply stated, the purpose of the Act is to provide a vehicle through which tax-exempt financing can be arranged to provide housing for low- and moderate-income persons. The statute also makes specific requirements for assisting the elderly. The Act authorizes local governmental units to create and utilize these public non-profit corporations to issue obligations (e.g., bonds) to accomplish affordable housing purposes.

In the early 1980's, interest rates were high, and as a result, many property owners who wanted to participate in the Section 8 Moderate Rehabilitation Program found that either they could not obtain financing, or the open market rate made it infeasible under the program. So, the City Council authorized the formation of the SAHFnc in 1981. There is a restriction, however, which provides that all loans or any obligations which are issued for other than Section 8 Moderate Rehabilitation projects require advance approval by the City Council.

SAN ANTONIO HOUSING AUTHORITY FOUNDATION, INCORPORATED (SAHAF) - This corporation was established in December 1991 under the Texas Non-profit Corporation Act and is approved as an exempt corporation under Section 501(c)(3) of the IRC. Its primary purpose is to assist Public Housing residents and Section 8 participants. Its main activity

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has been supporting the Family Self-Sufficiency (FSS) Program that will enable families to achieve economic independence. With over \$135,000 in private and corporate charitable contributions and foundation grants, the Foundation has funded the COMPADRE program that trains volunteers to mentor families participating in the FSS Program. A future activity for the Foundation is to sponsor a fund raiser for scholarships for Public Housing residents and Section 8 participants.

In addition to the non-profit corporations that are instrumentalities of the Housing Authority, we have assisted in the creation of two Community Housing Development Organizations (CHDOs):

The St. James Housing Trust, Inc. (St. James), is a Texas non-profit corporation organized in April 1991. Its purpose is the development of decent and affordable housing for low income residents in the St. James Parish area. The City of San Antonio HOME Investment Partnership Program awarded St. James \$329,000 in June 1992 for architectural and engineering services and to acquire land for 34-units of rental housing for low income senior citizens. St. James engaged the San Antonio Housing Development Corporation as the project developer

The San Antonio Housing Opportunity Corporation (SAHOC) was formed in April 1992 under the Texas Non-profit Corporation Act to provide affordable housing opportunities for low income residents of San Antonio. It is approved as an exempt corporation under Section 501(c)(3) of the Internal Revenue Code. It has a five member Board of Directors consisting of:

- 2 Public Housing residents
- 1 Parent of a mentally retarded person, an advocate for mentally retarded citizens, and a resident of a low-income neighborhood
- 1 Former member of the Board of Commissioners and currently a member of the San Antonio Housing Trust Board
- 1 Current member of the Board of Commissioners

The Corporation has been certified by the Texas Department of Housing and Community Affairs (TDHCA) as a CHDO under the HOME Investment Partnership Program. In 1993, TDHCA awarded the Corporation \$550,000 to develop six three-bedroom dwelling units for large families and nine one-bedroom units for persons with AIDS. These projects will be developed on three properties in inner-city

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neighborhoods that the San Antonio Housing Authority acquired by donation from the Resolution Trust Corporation. The Housing Authority will transfer the properties to the Corporation to begin construction after demolition of existing substandard structures.

3. Central Office Building - SAHA's central office is a functional facility in a general purpose office building. SAHA did not invest resources for an office building instead of to create or improve housing. In actuality, the construction of the office building has resulted in savings to the Public Housing program and enhanced its efficiency and effectiveness.

The Housing Authority did not have a central office building and has never been provided funds by HUD for a central office as HUD has done for other Housing Authorities. Consequently, the Housing Authority was forced to lease privately-owned office space for about 75 percent of its central administrative staff. The remainder of the central administration staff was housed at an office built for a Public Housing development. Rather than continue to inefficiently rent office space, a non-profit corporation of the Housing Authority constructed a central office building and leased it to the Housing Authority based on debt services. The Housing Authority has converted an expense (rental to a private landlord) to an asset because when the debt is retired, the Housing Authority will no longer pay rent. Otherwise, the Housing Authority would have an endless rental expense with nothing to show after many years of paying rent.

4. The Housing Authority provides facilities for child care centers, and recognizes the great need for these to allow Public Housing residents to obtain employment and/or training and education to become employable. We believe that Congress needs to provide a specific funded program for Housing Authorities to provide the child care facilities.

We are working with residents so that they may provide child care services in their homes. The first initiative is operational at Spring View Apartments and one at Lincoln Heights will be operational soon. We are also currently modernizing 96 units at Alazan-Apache Courts that will be for residents participating in the Family Self-Sufficiency program. Two of the units will be modernized to allow the appropriate space for the families to provide in-home child care services.

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The Urban Revitalization Demonstration Program activities at Spring View Apartments will include appropriate housing units for the families to provide in-home child care service and a free-standing building to be operated by residents for child care services.

We will continue aggressive efforts to obtain needed child care services for Public Housing residents.

5. Annual preventive maintenance inspections (PMIs) are made at least once annually of each Public Housing apartment and needed repairs made accordingly. Repairs are also made in response to requests from residents. Additionally, a move-out inspection is made of each apartment at the time it is vacated and repairs are made to make it ready for occupancy. Prior to rental, a move-in inspection is made to assure all repairs were made and the incoming resident participates in a move-in inspection.

All modernization funds received by this Housing Authority have been well spent and are readily accountable. It is well known that the available modernization funds are inadequate when the actual needs are considered. Also, HUD has been overly restricted in limiting the quality and quantity of the work. Consequently, this Housing Authority has used operating and other funds to perform higher quality work as well as additional work items to address the modernization on a comprehensive basis.

There is some abuse by residents. Residents that are destructive are charged for repairs for resident-caused damages. Residents with continued destructive behavior or who do not pay for resident-caused damage are evicted.

We perform some screening of new residents. Increased screening will be effective, but it is costly and the current performance funding system does not cover the additional expenses. We are considering additional screening such as calling former landlords, visiting the currently occupied housing, obtaining credit history information from credit agencies, and requiring the applicant to obtain a copy of their record from the local police department or signing a release for the Housing Authority to obtain this information. These require appropriate legal clearances, cost analysis, and funding availability determinations.

6. We agree that the housing developments owed by the non-profit corporations are well maintained. The renters are primarily of low-income at affordable rents necessary

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to meet operating expenses, debt service, and replacement reserves. These were acquisitions of existing housing with one and two bedroom units and few three bedroom units.

The routine administration and maintenance of Public Housing is subject to the government controlled Performance Funding System (PFS), and funding for capital improvements has been depended on various versions of modernization programs with insufficient funding and personalities within HUD. The units for Public Housing family developments are mostly 2, 3, and 4 bedrooms and some 5 bedrooms that result in a high density of people, particularly children, that are predominately very-low income, non-working families with a female head-of-household. The neighborhoods where the older Public Housing is located contributes to the appearance problem.

Perhaps the differences are due to the Public Housing program being highly regulated and our non-profit housing being absent the bureaucratic problems. The Public Housing program continually has the uncertainty of program authorizations and appropriations and the long standing deferred capital improvements due to insufficient and untimely modernization funds.

7. The capital improvement needs of Public Housing are not intended to be funded by the Section 8 Existing Housing Program. The need for Public Housing capital improvements exist because of inadequate modernization funding and allocation of those funds by HUD.

This Housing Authority efficiently administers its Section 8 Existing Housing Program, and has earned administrative fees that are available for housing purposes consistent with state and local laws. The Public Housing Program has benefited from these funds and from funds from other resources.

San Antonio, like many other communities, has had significantly increasing needs for affordable housing for its low-income citizens. The dependency to meet these needs has been on the Federal government, such as Public Housing, Section 8, and other assisted housing programs. However, the appropriations for these programs have diminished, and localities had to find other resources or allow its citizens to be ill housed in terms of both substandard housing and unaffordable housing.

The Housing Authority used some earned Section 8 Existing Program funds to meet housing needs of low-income citizens

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of San Antonio. These resources were coupled with many other resources such as FNMA financing, loans from local banks, low-income housing tax credits, and other limited governmental funding.

We believe that were we have used earned Section 8 funds, it has been done to meet a critical need, but never at the expense of a need of Public Housing.

Please let me know if you need additional information or have other questions. We appreciate the opportunity to provide this information, and look forward to working with you.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Apolonio Flores', written in a cursive style.

Apolonio Flores
Executive Director



Improving Life Circumstances for Those in Poverty

**Testimony Before the Subcommittee on Housing and Community Development
of the Committee on Banking, Finance, and Urban Affairs**

by

**Laura A. Calderon
Executive Director
Partnership for Hope
San Antonio, Texas
December 16, 1993**

I would like to thank our esteemed Congressman Henry B. Gonzalez and members of the Subcommittee for inviting me to provide testimony on behalf of our organization, Partnership for Hope. Partnership for Hope is a private, non-profit organization funded by the Rockefeller Foundation. Our mission is to make the San Antonio community aware of the human and economic costs of poverty and to challenge our leaders to commit themselves to dramatically reduce poverty in this generation. While our mission is broad, the activities which give life to our mission are specific. First, we undertake research that defines the type of poverty we experience in San Antonio. Next, we act as public policy advocates on issues related to poverty. And finally, underscoring everything we do, is our role as a community consensus-builder. We are guided by the principle that in order to truly impact poverty, our community leaders must come to a consensus as to the causes and solutions to poverty, and that this consensus must be fact-based and data-driven, hence our emphasis on research.

Today, I will provide testimony which will give you a context in which to assess the housing issues facing San Antonio. Additionally, Partnership for Hope recently released a study called *A Different American Dream: The Low-Income Housing Crisis in San Antonio* which describes low-income housing conditions on the basis of affordability, physical deficiencies, and overcrowdedness.

Poverty in San Antonio

There is no doubt that our city is one of the most exciting cities in which to live. We have experienced unprecedented growth in the last two decades and as we look to the future, anticipate reaping the benefits of changes in international, as well as domestic policies.

We have all heard the saying, "A rising tide lifts all boats," and if it were true, our city would be devoid of many problems. The reality is that for many San Antonians, poverty is a way of

life. The 1990 Census found 22.6 percent of all San Antonians living in poverty. This is an increase from the 20.9 percent found in the 1980 Census. The figures are even more dramatic when we consider the growth in San Antonio's population over the decade. The increase in the poverty rate in ten years represents an additional 45,873 persons in poverty. While the total population of the city grew 19.1 percent in the 1980's, the poverty population jumped by 28.4 percent.

Poverty does not strike all segments of our population equally. The poverty rate for San Antonio families is 18.7 percent. For those ages 65 and older, the rate is 19.1 percent. But the most shocking and disconcerting figure is the poverty rate for San Antonio children, persons under age 18, for whom the rate is 32.5 percent. Nearly one-third of all children in our city live in poverty. A recent survey by Zero Population Growth, called the *Children's Stress Index*, took into account not just poverty conditions, but other factors like overcrowded living conditions, unemployment and crime, and found that the San Antonio metropolitan area was among the worst 25 metro areas for children.

As is true in cities across the nation, poverty in San Antonio strikes most fiercely at racial and ethnic minorities. The poverty rate for African-Americans persons is 30.3 percent and for Hispanics, 30.8 percent. By comparison, among non-Hispanic whites, the poverty rate is 9.2 percent. Hispanics, who are slightly more than half of the city's population, are 75.8 percent of the city's poor.

Our affiliation with the Rockefeller Foundation has afforded Partnership for Hope the opportunity to work with the Urban Institute of Washington, D.C. One product of this relationship with the Urban Institute has been our study, *Growth without Prosperity*, which characterizes the type of poverty we experience in San Antonio. *Growth Without Prosperity* compared the 15 largest cities in the United States on a variety of socio-economic factors.

Typically, when we think of poverty, we envision severe population loss, coupled with dramatic job losses. This is the scenario that generally has driven national urban policy. What we have in San Antonio is something of a paradox where we have extreme poverty occurring simultaneously with strong job and population growth. Let me characterize this paradox more clearly by saying that San Antonio's poverty rate of 22.6 percent, is second only to Detroit. Our job growth has been unprecedented, while our population grew by 20 percent in the 1970's and again in the 1980's. Yet despite these booms, our poverty rate continued to increase. In fact when the poverty rates and job and population growth rates of the 15 largest U.S. cities are juxtaposed, what you find is that San Antonio stands alone as the single big city experiencing both high poverty and high job and population growth.

The question to be asked is, "Why hasn't this rising tide of prosperity lifted all boats?" Part of the answer is that this unusual type of growth is a product of a complex set of trends in population and economic growth, in the human capital of the our city's poverty population, and in the approach taken to governance at local, regional and state levels.

Looking at San Antonio demographically, we find that San Antonio is very different, even from other cities with large Hispanic populations. First, our rapid population growth has not been a

function of international immigration as it has been in cities like Miami and Los Angeles. San Antonio's foreign-born Hispanic population stands at 12% compared to Miami's 81% and the overall national figure for foreign born Hispanics at 28.6%. Our growth can be attributed to a fairly even distribution between domestic in-migration and natural increase.

Despite the fact that a comparatively small number of Hispanics in San Antonio are foreign born, English language proficiency is an issue in San Antonio. In 1990, with only 9% of the city's population being foreign-born, almost one-fifth of all San Antonians indicated that they "did not speak English very well" and thus could be considered limited English proficient.

Our study also looked at concentrated poverty, meaning census tracts where 40% or more of the population is below poverty. Concentrated poverty is an important measure because the effects of poverty are thought to increase more than proportionally as the concentration of poor persons in a census tract grows. What we found was that Bexar County Hispanics made up 85% of the population living in concentrated poverty tracts, a share far higher than their share of the total population which is 50 percent. By contrast, African-Americans constituted 9% of those in concentrated poverty tracts, a share somewhat higher than their 7% of the total population. So, in short, concentrated poverty in San Antonio--unlike almost every other large American city--is largely a Hispanic phenomenon.

San Antonio is also unique in the degree to which poverty is an experience of the working poor. In 1980, the last year for which data was available, the city ranked third at 19% among the 15 largest cities in the share of families in poverty with a householder working full-time. Dallas ranked first, Houston second, and Detroit last. If we look at underemployment, where labor market participants failed to earn at least poverty wages, of the 100 largest metropolitan areas, San Antonio had the second highest underemployment rate at 27 percent of the work force.

In terms of education, our share of the city's population over the age of 25 with less than a ninth grade education was the highest of the nation's 15 largest cities, except for Los Angeles. San Antonio stands at 17 percent, Los Angeles at 18.4%. While this phenomenon in Los Angeles may be explained by recent international immigration, this is not the case for San Antonio.

While I have painted a serious and dire picture of conditions in our city, there is some good news. In terms of education, during the 1980's, the percent of persons with less than a high school degree fell from 40 percent to 30 percent, and the percent of persons having some college rose from 60 percent to 70 percent. The growth in the San Antonio economy also provides us with good news. In 1992, San Antonio created more new jobs than any other city, except for Minneapolis-St. Paul and Atlanta. And these jobs, whether we analyze them by industrial or occupational sector, reflect a fairly even mix between low, middle, and high wage jobs.

Housing in San Antonio

I have spent significant time painting a picture of poverty in San Antonio. It is important to understand the vast challenges that have played a role in mitigating even the best efforts of

community groups and especially our past and present elected leaders as they have wrestled with growing socio-economic problems, decreases in resources, and consequently, increasing housing needs. I want to acknowledge and commend them for their work. And yet, despite these efforts, housing needs constitute a crisis situation.

Partnership for Hope recently released its housing study, *A Different American Dream: The Low-income Housing Crisis in San Antonio*. Our study is based on the American Housing Survey, which compares housing conditions, specifically affordability, overcrowdedness, and physical deficiencies, among 44 metropolitan areas. Based on these comparisons, we find that nationally, in the San Antonio metropolitan area:

- We have one of the highest percents of poor households living in overcrowded housing. We rank among the top 4 metro areas in the country.
- We have the highest percent of poor homeowners living in over-crowded housing.
- We have the highest percent of poor households living in physically deficient housing.
- We have the highest percent of poor home-owners living in physically deficient housing.
- We rank among the top 2 cities with the highest percentage of poor renters in physically deficient housing.
- We also have the highest percentage of poor Hispanic households living in physically deficient housing.
- Sixty-eight percent of all poor households in the San Antonio metro area live in unaffordable housing. As dire as this may sound, we are slightly better off than the national average of 75%. In this respect, we rank with the bottom ten metro areas with the lowest percentage of poor households living in unaffordable housing.

When we look at who was affected we found that physically deficient housing and over-crowded housing were much more common among poor African-Americans--and especially poor Hispanic households--than for poor white households.

- Forty-nine percent of poor Hispanic households lived in physically deficient housing. In units with more than one physical deficiency, Hispanic households occupied 99 percent of the units.
- Only the rate of physically deficient housing for poor African-American households, thirty-five percent, was comparable to the Hispanic figures.
- Twenty-six percent of poor Hispanic households lived in over-crowded housing.
- In comparison, only 16 percent of poor white housing units were physically deficient, and just three percent were over-crowded.

The housing crisis in San Antonio also impacts families with children more than any other group. These families require more rooms, severely limiting their options.

In terms of homelessness, San Antonio's homeless population included more families, more employed individuals and mentally ill and fewer single men and substance abusers.

Conclusions

Essentially the majority of poor households in metropolitan San Antonio do not have affordable and decent shelter. The immense financial burden of these households forces them to spend a large proportion of their income on housing that is in poor condition. These circumstances are part of the complex poverty that San Antonio experiences. I urge this Sub-committee to closely at San Antonio as it develops public policies to address housing and urban issues. San Antonio, today, provides a snapshot of what much of America will look like demographically, socially and economically in the next century.

December 16, 1993, field hearing held by the
Subcommittee on Housing and Community Development,
entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
MS. LAURA A. CALDERON

1. In your report, *Growth without Prosperity*, you mention that San Antonio was unique in its high poverty and high population and job growth. What are the implications for policy?
2. Since jobs are key to lifting people out of poverty, what types of job creation strategies should be pursued?
3. What are some of the factors that will result in the poverty level increasing or decreasing for San Antonio?
4. Your report, *A Different American Dream: The Low-Income Housing Crisis in San Antonio*, describes the housing conditions of poor households in the San Antonio metro area. What have been some of the housing issues facing poor San Antonians?
5. Based on your report, what avenues can you propose to deal with the problems that low-income households endure?



(MS. CALDERON)

Improving Life Circumstances for Those in Poverty

Responses to Chairman Gonzalez' Questions

- 1. In your report, *Growth Without Prosperity*, you mention that San Antonio was unique in experiencing a high poverty rate simultaneously with high population and job growth. What are the implications for policy?**

Growth Without Prosperity is a study which compared the demographic and economic conditions of the 15 largest U.S. cities. In this comparison, San Antonio was the only large city experiencing an intersection between a high poverty rate, strong economic growth, and strong population growth. The urban picture that San Antonio presents is not the picture that typical urban strategies have addressed. If we are to impact poverty in San Antonio, a more customized policy must be created.

Traditional urban policies have targeted cities that experienced high unemployment, declining population, and stagnant economies coupled with high poverty rates. Conditions in San Antonio are very different. While San Antonio experiences a high poverty rate, second only to Detroit, San Antonio's economic and population growth is not stagnant nor in decline. Unemployment is relatively low. In fact, San Antonio is not a city of unemployed, but rather a city of "the working poor". Past strategies have assumed that the poor are unemployed and that a work ethic must be developed within this community.

Poverty in San Antonio, especially concentrated poverty (where 40% or more of a census tract's population lives below the poverty line) is primarily a Hispanic phenomenon, unlike almost every other large city in the United States. This demographic fact brings with it some challenges as well as assets to build upon. In terms of challenges, we look very much like an "immigrant city" in that almost one-fifth of our population considers itself limited English proficient. We also have 17% of the over age 25 population with less than an eighth grade education. At the same time, low-income Hispanics in San Antonio still experience intact families to a relatively high degree and have extensive familial and religious support networks not seen in other communities.

Policies that address San Antonio's unique demographic and economic character should be based on a community asset model which builds on our strengths, for example, a strong work ethic, intact families, and strong support networks. At the same time, these policies should take into account that of the population living in concentrated poverty, 85% are Hispanic, a share far higher than their share of the total population. In addition, the extent to which San Antonio experiences concentrated poverty indicates that strategies should be focused spatially or geographically. Finally, the fact that we have so many working poor also raises the issue of how,

when and where do we provide services.

2. Since jobs are key to lifting people out of poverty, what types of job creation strategies should be pursued?

This is a battle that must be waged on both the long-term and short-term fronts. On the short-term front, city leaders should certainly be commended for their job creation efforts. In 1992, for example, we created more new jobs than any other city except Atlanta and St. Paul-Minneapolis. We also created a fairly even mix of low, middle, and high wage jobs.

But, as we know, San Antonio's poverty is one of poor working families and the data suggests that the high wage jobs tended to go to those persons who migrated to San Antonio during the 1980's. This is where the long view becomes important.

First, we must recognize that as a city of working poor, strategies of "making work pay" as talked about in the Clinton Administration, are especially important to San Antonio. Short of increasing the minimum wage, strategies like the Earned Income Tax Credit address this issue by rewarding low-income working persons with children.

The most important long-term strategy, of course, deals with education. Adult education and training to upgrade the skills of those who are working but are underemployed are crucial to insuring that San Antonio workers are competitive in the marketplace. Even more important is a national, state, and local commitment to improve the public school system. No other job creation strategy will have as great an effect on poverty and economic growth as a public school system that properly prepares students to be the work-force of the future.

3. What are some of the factors that will result in the poverty level increasing or decreasing for San Antonio?

As stated earlier, local, state, and national commitments to improving our educational system are basic to impacting poverty levels. Without this elementary part of the system in place, all other anti-poverty measures are forced to work against the grade.

Closure of any of our military bases would certainly impact the economic well-being of thousands of San Antonians as well as having an effect on the businesses that these workers help support. The closure of any base which serves as a maintenance facility is of particular concern to San Antonio. These bases provide employment for thousands of blue collar workers who could not make comparable wages in the private sector, nor receive the types of benefits, especially health insurance, that they currently receive. In addition to reduced wages and benefits, it is highly likely that many would be unemployed since the San Antonio economy could not absorb so many workers with similar skills within a short period of time.

Finally, trends in the poverty rate have shown a slow, but steady climb upward, especially since we have operated without a true national urban policy that addresses both people and places.

Policies emerging out of the new Administration reflect the recognition that a comprehensive, integrated, holistic approach must underlie urban policy. In particular, the concept of urban empowerment zones embodies this idea, but unfortunately the actual implementation of these zones is severely limited by finances. Nevertheless, the ideas of service integration and a holistic systems approach are significant to the reduction of poverty.

4. The housing report describes the housing conditions of poor households in the San Antonio metropolitan area. What have been some of the housing issues facing poor San Antonians?

Unaffordable housing is the most common problem for poor households. Although in comparison with other major metropolitan areas San Antonio's low-income housing stock is relatively affordable, housing cost burdens are still immense in San Antonio.

San Antonio ranks at or near the top in terms of the most severe physical housing conditions for low-income persons. This may be a result of widespread and long-term poverty that has prevented families from maintaining their housing units. Over time this may have caused the destruction or deterioration of many low-income housing units.

The lack of low-income units is another underlying cause of housing problems. In 1975 San Antonio had a surplus of 5,400 low-rent units (rental quarters with housing costs of less than \$250 a month in 1990 dollars), but by 1990 the metro area was short some 15,300 units for low-income renters. Furthermore, because many low-rent units were vacant and because many low-rent units were inhabited by renters who could afford more expensive units, only 40 percent of the low-income renters in San Antonio lived in low-rent units.

Besides their own will and resources, poor households in San Antonio have little means with which to combat these and other problems. Only 35 percent of poor rental households in the San Antonio metro area received government housing support of any kind in 1990, and assistance for owners is practically nonexistent.

This results in tremendous burdens on existing systems. About 25,000 families are on waiting lists for Section 8 housing in San Antonio and Bexar County, and families typically wait five to six years for a unit. Families with children are at the biggest disadvantage because they need more space than what frequently is available. Homeless families exemplify this problem perhaps better than any group. When in a homeless shelter, the parents are separated from each other, and children are placed away from the parents. This type of separation is traumatic during an extremely difficult time.

5. Based on your report, what avenues can you propose to deal with the problems that low-income households endure?

If additional resources were made available, an expansion of Section 8 housing would have a great impact. If Section 8 housing could be provided to every family below the median area income that lived in unaffordable housing, the burden of the largest expense for most poor families could be alleviated, freeing income for other expenses. Perhaps more importantly, evenly distributed Section 8 housing could integrate neighborhoods, and enhance school performance for children and employment for adults.

A related factor is to modify the fair market rent as established by the federal government to accurately reflect the prices of rents in major cities. San Antonio's fair market rent, for example, is determined on a regional standard that includes many rural areas where housing costs are lower. Using this regional standard prohibits landlords who are willing to participate in Section 8 from doing so because they can rent their properties at the market rate to non-Section 8 households. A market-based rental scale would increase the number of Section 8 units.

Other action at the federal level would be to expand HUD's Family Self-Sufficiency Program. This relatively new initiative deserves additional support because it seeks to return public housing to its former mission as transitional housing. Family Self-Sufficiency does this by providing comprehensive services and training that will lead to better employment, increased income, and an enhanced ability to be financially independent.

Both federal and local governments could devote more attention to the plight of homeless families. In San Antonio, this is the fastest-growing segment of the homeless population. Shelters could be designed based on the needs of this group, or unused single-family houses could be employed to provide temporary shelter.

A tax modification that would enable owners of homes not exceeding a certain value--say \$30,000--to make structural improvements to their homes without incurring any increased property taxes for one year following the completion of the improvement could stimulate more maintenance of low-income homes and reduce the stock of physically deficient housing.

Finally, greater private sector involvement in low-income housing is crucial. Any mechanism that would help banks provide more loans to poor families or that would stimulate construction of low-income units would be valuable.

**Statement of
Michael R. Goodwin
President, Triad Management Corporation**

**on behalf of
The Assisted Housing Management Association-South Texas**

**before the
Subcommittee on Housing and Urban Development**

December 16, 1993

Chairman Gonzales, distinguished members of the Subcommittee, Good Morning. I am very pleased to have the opportunity to appear before you today on behalf of the Assisted Housing Management Association of South Texas (AHMA-ST) regarding low income housing in South Texas. My name is Mike Goodwin. I am President of Triad Management Corporation and the Operations Director of a consolidated management group, comprised of the National Housing Management Corporation, Wedge Management Company and Triad Management, based in San Antonio. I am also a member of the Executive Council of the National Assisted Housing Management Association (NAHMA) and appear here today as the past President of AHMA-ST, which has over two hundred members who are involved in the management of over 13,000 units of assisted housing throughout south Texas.

Since its inception in 1988, AHMA-ST has focused on the long term goal of both providing quality housing for our client residents and on the long term preservation of the moderate to very low income properties which we manage. Our membership is composed of 160 member properties (13,661 apartments), 34 Owners/Management Agents and 44 affiliated service providers. Our chartered purpose includes "...to provide meaningful assistance to management agents in fulfilling their responsibilities to residents of HUD assisted housing ... in furtherance of implementing the national program of providing decent housing and better communities for all persons." We pursue this charge through our work toward the NAHMA sponsored Communities of Quality concept.

Chairman Gonzales, you understand the need for very low to moderate income housing, and the shortage in our national ability to meet that need. I have attached a summary of the subject housing which is available in the South Texas area. Roughly, there are 804 properties (312 privately owned HUD-assisted, 350 Public Housing and 142 Farmers Home) with 57,208 apartments (27,261 private owner HUD-assisted, 24,493 Public Housing and 4,150 Farmers Home) in our area. The ratio of privately owned HUD-assisted units to Public Housing units in south Texas is approximately 53%, slightly lower than the national ratio of 60% (2.1 million units of assisted

housing to 1.4 million units of Public Housing). In the south Texas assisted housing inventory, of 27,261 units, only 17,714 have direct rental assistance (either Section 8 or Rent Supplement) available. When combined with the 24,493 units of rental assisted Public Housing, the resulting number of 42,207 sounds impressive. However, for every family currently receiving rental assistance, there is at least one qualified, eligible family awaiting assistance. The average waiting list for a rental assisted unit in south Texas is at least one year. The bulk of the housing I am addressing is at or beyond the 20 year point of its life and in need of major preservation assure its physical viability and quality for the remainder of its economic life cycle. We acknowledge the interest in some quarters for the development of new housing. However, we feel that before scarce financial resources are expended on the lengthy process of developing new units, there is an immediate critical need to apply these funds to the preservation of the existing housing stock (Public as well as Assisted) and the provision of adequate operating budgets for this housing. Preservation and adequate funding of the existing stock is the most cost effective application of funds. This preservation must not just preserve the physical asset, but must also enhance the environment in which the residents live. We need the financial commitment to existing housing through the renewal of expiring Section 8 contracts, adequate funding of HUD budgets and assured funding for the Title II and Title VI Preservation programs.

Historically, the more units which are built for very low income families and individuals, the greater the demand for subsidized housing has become. To curtail this cycle, there is an overriding need to shut down the growth in demand for assisted housing units. In the real environment of restricted budgets, we will never be able to build sufficient housing to meet the rising demand. It is our belief that the existing stock, if preserved and used properly, can be used to stem the rate at which the demand for assisted housing units grows. We believe that a national decision must be made to commit resources to development and maintenance of Communities of Quality. The concept of Communities of Quality must encompass two principles to attack the growing reliance on public assistance. First, it must have the means to carry out programs which will increase the velocity at which families and individuals move through assisted housing back into the economic mainstream. Secondly, we must develop and protect the environment in which the children of these communities grow up and foster their development into responsible adults who are empowered to obtain self sufficiency independent of public assistance of any kind. This direction will involve provision of resources and/or services to the private, assisted community which have heretofore been available only to the Public Housing sector. One provision which could have a significant positive impact is the allowance of a budget line item for a Human Resource Coordinator. We need someone who can spend their time linking public and private resources to our residents for the purpose of qualifying them to move out of

assisted housing. The country needs to change its focus from providing a subsidized unit to everyone who wants one to funding programs that qualify the existing subsidized residents to move out, opening the unit to the next qualified family or individual who needs the unit. If we do not take this reorientation of focus, we are going to have an ever increasing burden of a growing number of citizens who are dependent on public assistance and who cannot participate as full citizens in our communities.

Directly related to the concerns just outlined, we ask your assistance in our efforts to provide a drug free housing environment in our communities. AHMA-ST members and our affiliated Associations throughout the country have implemented voluntary outreach programs to encourage a drug free environment and positive reinforcement to our children. Mr. Chairman you participated in this effort when you graciously agreed to co-sign the endorsement letter for the 1993 NAHMA Drug Free Kid calendar (over 70,000 calendars were distributed nationwide). However, I emphasize that the funding for our drug free housing initiatives is almost totally through volunteer work or donations from owners, Management Agents and service vendors in the local community. For the last three years Congress has appropriated funding for drug free housing initiatives. However, while privately owned assisted housing makes up roughly 60% of the national low income housing inventory, only 5% to 6% of Federal drug elimination funds have been allocated to assisted housing. Based on the first grant funding round, the probability of receiving funding is less than 10%. The local Area Office has no review or input to the process, funds being awarded based on the administrative review of a written grant package by Regional and Central Staff. It is our understanding, Mr. Chairman, that as a part of the reauthorization of the 1992 Housing Act, you will consider the Community Partnership Against Crime (COMPAC) program as an alternative to the Drug Elimination Grant program. We think that it is important to point out that when this program was first introduced by the administration, it was directed to elimination of crime and drug activity in Public Housing. It was only through the extensive efforts of our National Organization, NAHMA, that the administration agreed to consider the inclusion of assisted housing properties. And, we understand that this agreement is limited to funding in FY94. Mr. Chairman, if COMPAC is approved, and we want you to know that we do support this program, we ask that you work to ensure that the assisted housing communities remain eligible to receive funding in the out years beyond FY94. Generally speaking, we here in south Texas, along with our national organization, are working to develop effective drug and crime prevention strategies in our communities. The assistance that we would receive under the COMPAC program would be a vital part of these efforts. If, for some reason, COMPAC is not authorized this year, then we ask your assistance in continuing the Drug Elimination Grant program for assisted housing until a more effective alternative is developed. In continuing this program, we urge you to both increase the percentage allocation of drug

elimination funds to assisted housing and to direct that allocation of funds be delegated to the HUD Area Offices who have first hand knowledge of the real need for physical and administrative drug elimination requirements at each property. The bottom line, Mr. Chairman, is that we need an effective community wide strategy to address both Public and assisted housing.

Implicit in our comments to this point is that our assisted housing is not housing of last resort. Rather it is housing for those with a demonstrated need, who comply with their lease, and it is transitional housing for those who are striving to return to the economic and housing mainstream. We specifically exclude those who have demonstrated histories of criminal behavior, drug use/abuse and those whose history shows that they do not comply with their leases. In short, we exclude those who will not take care of their unit, will not pay rent on time, will not respect the right of quiet enjoyment of their neighbors or who have histories which indicate that they will present a danger to other residents or the community. From the assisted housing point, as distasteful as it may sound, there are those families and/or individuals who will not be housed because they have shown that they can not live harmoniously in a community. Housing this population is in direct conflict with the national goal of safe, decent and sanitary housing. The question needs to be addressed "Does the Federal government have the responsibility to house every individual who wants to be housed regardless of their history or behavior?" Or, do we house only those families and/or individuals who will make a positive contribution to a quality living environment.

Soon, Congress will be receiving a report from a most unique group, the HUD Occupancy Task Force. The Task Force, created by Section 643 of the Housing and Community Development Act of 1992, held the first of several meetings in January of this year with the charge of reviewing all of HUD's occupancy standards for public and assisted housing to determine if these standards "...provide sufficient guidance to owners and managers of federally assisted housing.." In addition to the scope of the review to be undertaken by the Task Force, it is unique in its composition of members from most every group concerned with low income housing. I had the personal privilege of both appearing before the Task Force, during its public hearings in San Antonio, and of working with the NAHMA committee which conducted an in-depth review of the preliminary Task Force report and has submitted a detailed comment. From this experience I have received encouragement that a number of the recommendations will be beneficial to low income housing. And I have developed concern that some of the recommendations may be counter productive to all concerned. It is my hope during the final Task Force meetings that those comments and recommendations which enjoy wide consensus can be reported to HUD and Congress for further development and/or implementation. However, rather than the Task Force then being dissolved, some form of this unique group should remain in action, under the sponsorship of HUD, to continue

to find solutions to those hard to solve issues which will take significantly more study and accommodation (for example, while we are nominally tasked to house "families", no definition of the term "family" exists in law or regulation relating to HUD multifamily housing - in fact HUD has continuously declined to define the term "family"). In advocating this position, I also recommend two points to guide further work:

1. New laws should contain a statement of guiding principle against which all implementing regulations must be evaluated. For example, one principle should be that no recommendation should be made, law passed or regulation written without first answering the question "How does this affect the children on our properties?"
2. If the life of the Task Force is extended, the composition of the Task Force should be altered to be more fully representative of the populations to be served. Unfortunately, the current Task Force is heavily represented by advocates for persons with mental disabilities while there is not a single member from a youth advocate group (yet children are our largest population group in assisted housing) and representation for a second significant population, the residents (particularly single parent households), was essentially non-existent.

When the final Task Group report is issued to Congress, we urge you to carefully consider its impact on the overall low income housing resident community. We understand that groups such as the homeless, those with prior addiction problems, those with criminal histories and those with mental disabilities need new opportunity and housing, but mandating that this opportunity be offered in multifamily properties with large populations of children must be weighed against recidivism statistics and the potential impact on our children. Assisted housing is not housing of last resort, but rather, we hope, transitional housing where a decent, safe and sanitary environment can be provided while the family reestablishes its basis and is self empowered to move back into the private housing mainstream. Our main capability to maintain this "Community of Quality" environment is the ability to screen out and/or deny admission to that portion of the population which has a history of criminal or drug related activity or those whose history shows the strong potential for actions which would be a threat to the health or safety of other residents. We must retain a strict applicant screening ability.

Of near equal concern is the declining ability of us, as assisted housing providers, to meet both the contractual obligations to our owners and the increasingly numerous and complicated mandates of HUD. In the last several years, the shift of Section 8 funding to very low income eligible persons, the Fair Housing Amendments Act, Federal Preferences and Section 504 requirements have brought about

a change in our resident population such that we have been repositioned from housing moderate and low income families and individuals to housing predominately very low income families and individuals. It is probably accurate to say that we are housing that 25% of the general population who have 75% of the social problems. This is done with no new funding, specifically no funding for social service staff personnel. Our staffs, while professional dedicated housing administrators, are ill equipped and untrained to recognize and respond to the problems now surfacing. If responsibility for serving these families with potentially serious problems is to remain with the housing provider, then a funding mechanism must also be in place to provide adequate, trained staff.

AHMA-ST is concerned the reported reduction in HUD funding and staffing. We are in partnership with HUD, and any action which has a negative impact on HUD's ability to service its assisted housing portfolio will have an adverse impact on our membership and, ultimately, the families on our properties. We applaud the efforts of the current HUD administration to streamline the Department's operation and place more authority at the local level. South Texas obviously has a close tie and keen interest in these efforts. However, I must confess that, over the past two or three years when our contemporaries experienced significant difficulties in conducting day-to-day business (even to the reported extent of the local HUD office being an answering machine), we in south Texas have been the happy minority. The San Antonio Area Office, while subject to the same shortages and heavy tasking as all Area Offices, has provided uninterrupted service and excellent responsiveness. It is our opinion that San Antonio is, if not the best, certainly one of the best, most effective Areas Offices in the country. I will apologize to Ms. Leone, the Area Manager, if my comments under cut her efforts for a more fair share of the diminishing pie, but her staff are excellent professionals.

As final comments, we would like to leave the subcommittee with three concepts which we believe should predominate the future of assisted housing:

1. Laws, regulations and all programs of housing providers, where possible, must be designed to increase the velocity at which families and individuals move through assisted housing. Were we can, we must encourage and provide incentives to applicants and residents to learn and practice those attitudes and skills which will make it possible for them to become independent of public assistance of all kinds.

2. Children are the largest single sub-group in assisted housing and are the most vulnerable and impressionable. All laws, regulations and policies which affect assisted housing must be evaluated in terms of their impact on children. Will this add to or subtract from achieving the objective of these

children growing up to be adults who resolve conflict in a nonviolent manner, who have respect for reasonable rules and authority and who have the attitudes and skills to be self-sufficient.

3. In developing laws, regulations and programs, nothing should be put forward without also addressing the source of funding. Passing unfunded mandates serves only to create frustration and disillusionment by the inability to properly implement programs. We have reached the time when the funding mechanism "...it is up to the provider to.." will not work.

Chairman Gonzales, in closing I again want to express my appreciation for the opportunity to appear before the subcommittee. As a personal note, AHMA-ST has made significant gains in representing assisted housing in south Texas. In recognition of this, the National Assisted Housing Management Association has decided to hold its 1994 summer conference in San Antonio June 24 - 28, 1994. Further, our youth outreach efforts have been extended to the establishment of five annual scholarships for high school seniors living on our member properties. In early January you will receive an invitation to join us on Sunday, June 26, 1994 to officially present the first award of these scholarships. I sincerely hope that you will be able to attend.

Thank you Mr. Chairman. I will be happy to respond to any questions.

SOUTH TEXAS LOW INCOME HOUSING

ASSISTED HOUSING(SOUTH TEXAS)				ASSISTED HOUSING(SAN ANTONIO)			
				SECTION 8			
TOTAL PROPS		312	228	TOTAL PROPS		74	47
MEMBER PROPS		160	150	MEMBER PROPS		46	41
FAMILY PROPS		266	182	FAMILY PROPS		61	34
MEMBER FAMILY PROPS		126	116	MEMBER FAMILY PROPS		33	28
ELDERLY PROPS		46	46	ELDERLY PROPS		13	13
MEMBER ELDERLY PROPS		34	34	MEMBER ELDERLY PROPS		13	13
TOTAL UNITS		27761	17714	TOTAL UNITS		8423	5214
MEMBER UNITS		13661	12221	MEMBER UNITS		4676	4173
FAMILY UNITS		25024	14997	FAMILY UNITS		7417	4208
MEMBER FAMILY UNITS		11531	9401	MEMBER FAMILY UNITS		3167	3167
ELDERLY UNITS		2737	2737	ELDERLY UNITS		1006	1006
MEMBER ELDERLY UNITS		2130	2130	MEMBER ELDERLY UNITS		1006	1006
PUBLIC HOUSING(SOUTH TEXAS)				PUBLIC HOUSING(SAN ANTONIO)			
TOTAL PROPS		350	350	TOTAL PROPS		63	63
TOTAL UNITS		24493	24493	FAMILY PROPS		27	27
				ELDERLY PROPS		36	36
				TOTAL UNITS		8328	8328
				FAMILY UNITS		5765	5765
				ELDERLY UNITS		2563	2563
FARMERS HOME(SOUTH TEXAS)				FARMERS HOME(SAN ANTONIO)			
PROPS		142		NONE IN SAN ANTONIO			
FAMILY PROPS		128					
MIXED POP PROPS		3					
ELDERLY PROPS		11					
TOTAL UNITS		4150					
FAMILY UNITS		3650					
MIXED UNITS		145					
ELDERLY UNITS		355					

December 16, 1993, field hearing held by the Subcommittee on Housing and Community Development, entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
MR. MICHAEL R. GOODWIN

1. In your testimony you have indicated that you need more supportive services for assisted housing.

Can you elaborate on what type of support services you need and what the cost impact might be?

2. How will these services help solve the problem of reducing the wait for housing or reducing the number of homeless?

3. Mr. Goodwin, you have asked that Congress not authorize programs in assisted housing without attaching funding at the same time.

Can you be more specific?

4. You have noted that you have been involved with review of the Preliminary Draft of the Task Force report.

Do you see the results of the Task Force as helping you do your job?

5. Do you believe the Task Force process has been an effective approach to solving issues in providing low income house?

December 16, 1993 field hearing held by the
Subcommittee on Housing and Community Development,
entitled "Housing Needs in San Antonio, Texas"

Responses by Michael R. Goodwin to Questions From
Chairman Henry B. Gonzales

1. You have indicated that you need more supportive services for assisted housing. Can you elaborate on what type of supportive services you need and what the cost impact might be?

RESPONSE

The initial supportive service with potential for the most immediate impact is provision of project expense authority for a Resident Services Coordinator to identify needs of the residents and local resources available to match those needs. The most urgent needs to be addressed are substance abuse counselling, skills/employment training programs and their associated support elements such as no cost or low cost baby sitting, transportation and job placement. The cost impact would range from as high as the full employment of the Coordinator (say \$20,000 annually) to a more moderate expense (say \$5,000 to \$7,000 annually) for services shared by up to four properties located in the same geographic area.

2. How will these services help solve the problem of reducing the wait for housing or reducing the number of homeless?

RESPONSE

One of the primary tasks of the Services Coordinator would be development of programs leading to resident self-sufficiency. Improved self-sufficiency would solidify the residents personal and financial basis with three potential effects:

1. Reduced evictions through ability to pay rent.
2. High turnover rate of Section 8 assistance availability as residents moved off of Section 8 and opened the slot to another eligible family.
3. Increased velocity with which residents move through assisted housing as they moved and, returning to the mainstream housing market. This opens either basic rent unit or both a unit and the Section 8 assistance slot to the next qualified applicant.

3. You have asked that Congress not authorize programs in assisted housing without attaching funding at the same time. Can you be more specific?

RESPONSE

The most recent example is Section 504 of the National Rehabilitation Act. Compliance with Section 504 entails significant expense. In general, Agents must fund a Section 504 Coordinator as an added expense. Properties must fund compliance activities such as Transition Plans, physical modifications and administrative reasonable accommodations (TDD, large print and/or braille documents, readers, interpreters, etc.). The only funding mechanism is a rent increase. On non Section 8 properties, the market may not support the full costs. On Section 8 properties rent increases will have to be higher and therefore use the scarce funds at a faster rate. This does not even try to address the quagmire of Section 8 Automatic Adjustment Factor properties where special rent increase procedures would have to be brought into play. Additionally, the "out" of undue financial burden is discounted since there is no definition of this term (leaving this decision to the first unfortunate owner to be sued).

Other than this specific example, the request was based on the initial draft report of the HUD Occupancy Task Force which contain numerous statements of "It is up to the provider...."

4. You have noted that you have been involved with review of the Preliminary Draft of the Task Force report. Do you see the results of the Task Force as helping you do your job.

RESPONSE

Absolutely! The Task Force brought together industry, the regulators and advocates for most of the constituent groups to openly, and together review their entire assisted housing process. In this environment, problems were aired in open forum with the common goal of finding the most correct and acceptable solutions. Many of the areas of guidance and clarification recommended will remove gray areas where providers have been left to sail in the dark. Of particular benefit, if they are forthcoming, will be approved occupancy standards as well as plain language lease and application forms.

5. Do you believe the Task Force process has been an effective approach to solving issues in providing low income housing?

RESPONSE

The Task Force has been very effective in providing the approach to solving issues. The effectiveness of the solutions will be determined by what follows from Congress and HUD. Additionally, effectiveness will be scored by the acceptance of Congressional/HUD responses by the various constituencies. It will be greatly reduced if we end up challenging near consensus results through the courts in order to push an opposition position.

I believe effectiveness would be enhanced both by reconvening the Task Force to continue problem resolution on unresolved issues and to assist Congress and HUD drafting such documents as the recommended occupancy policy, proposed plain language documents and accepted definitions such as "undue financial or administrative burden". While it is understood that the time allowed and scope of tasking of the initial Task Force precluded more detailed work, my experience has been that more effective results are obtained by providing the recommended product for consideration and/or revision rather than only recommending that someone else produce a specific product.

(MR. GOODWIN)

NAHMA

ASSISTED AND PUBLIC HOUSING: A COMPARISON

While assisted housing and public housing serve largely the same client population, there are significant differences between the two programs in the creation, financing and operation of the housing.

	Assisted Housing	Public Housing
Number of Units	2.1 million	1.4 million
Management	Private	Public Housing Authority (PHA), private or resident management corporation
Ownership	Private	Public
Development Financing	HUD-insured loans plus private equity	HUD grants (formerly HUD-guaranteed bonds)
Federal Financial Assistance	Below market interest rates and rental assistance	Operating subsidies under the Performance Funding System
Major Repairs and Replacements	Replacement reserves	Modernization grants
Capital Improvements and Rehabilitation	Refinancing, Flexible Subsidy loans	Modernization grants
Applicant Eligibility	Based on anticipated annual income	Same
Typical Age of Developments	Eight to 25 years	20 to 50 plus years
Average Development Size	100 units	140 units

NAHMA

FACTS ON ASSISTED HOUSING

Based on detailed statistics from a large NAHMA member, NAHMA estimates that between 4.5 million and five million Americans make their homes in privately owned, federally assisted housing. This includes:

500 thousand seniors with annual household incomes averaging less than \$7,500 after adjustments for medical expenses;

1.5 million families with annual household incomes averaging less than \$8,000 after adjustments for dependent care; and

over two million children averaging age eight.

The assisted housing stock includes 2.1 million apartment homes.

Thirty-six percent of these homes are older.

Mostly developed between 1965 and 1975, these homes have mortgage insurance under Section 221(d)(3) BMIR, Section 221(d)(3) market rate and Section 236. They may also have rental assistance under the Section 8, the Rental Assistance program or Rent Supplement programs.

Forty percent of these homes are newer.

Mostly developed between 1976 and 1983, these homes receive Section 8 rental assistance. Many also have insured mortgages predominately under Section 221(d)(4) but with significant numbers of Section 220, Section 221(d)(3) and Section 231 mortgages.

Fourteen percent of these homes are financed by the Farmers Home Administration.

This branch of the Department of Agriculture provides direct loans under Section 515, usually with below market interest rates, to developers of assisted housing in rural areas.

Ten percent of these homes are nonprofit housing for the elderly and/or persons with disabilities.

This is Section 202/811 housing with direct loans often combined with Section 8 rental assistance.

Preservation of these homes is by far the lowest cost method for continuing to provide affordable housing to the families who live in these homes. NAHMA and its members support preservation, so that residents of assisted housing can enjoy affordable housing in a quality living environment.

HOUSING SUB-COMMITTEE HEARING
 SAN ANTONIO, TEXAS
 DECEMBER 16, 1993

IRMA MELLON, DIRECTOR
 SALVATION ARMY SOCIAL SERVICE CENTER

HOMELESSNESS IN SAN ANTONIO

Of the 15 largest cities, San Antonio has the dubious honor of being the single city with high rates of both growth and poverty. The city ranks, behind Detroit, in percent of persons, 22.6%, living below federal poverty levels (Partnership for Hope, April 1993). An analysis of the 1990 Census data further revealed that 6% of the total population is at 125% of the poverty level placing an additional 60,292 people at-risk of becoming homeless. Adequate income is often not available whether there are multiple income providers or a single provider with multiple jobs. According to the 1991 report titled "Pride and Poverty: A Report on San Antonio", 76% of poor renters spent more than 30% of their income on housing and 58% of poor homeowners spent more than 30% of their income on housing.

Poverty is a strong detriment to positive family development. Poverty tries the limits of the strongest individual and families; it can shatter those which have even minor dysfunctions. Each family or individual failure continues to perpetuate negative cycles of predictable poverty, crime, stress and low self-esteem.

The most pressing problem facing the poor is a lack of money to meet the basic necessities of life: food, clothing, shelter, and health care. Time and energy are most often focused on obtaining these basic necessities. Beyond food and clothing, many families are living in inadequate or crowded houses/apartments. These living conditions adversely affect the physical and emotional health of their inhabitants as well as eroding the strength and stability of a community.

Unfortunately, these statistics not only disclose the fact that San Antonio has a young, poorly educated population, but also that the economic conditions are such that poor people will and do experience serious problems in finding affordable housing or even maintaining the housing they have. The city is confronted with a critical lack of safe, decent and affordable housing. In its report titled A Different American Dream, Partnership for Hope documents the fact "...that in 1990 there were 52,700 low income renters and just 37,400 low rent units in the metro area-a shortage of 15,300."

Such an environment creates a community ripe with individuals and families who are homeless or "at-risk" of being homeless. Currently, over 32,000 persons are on the combined city and county Section 8 (low income) housing list with at least a 3 year waiting period for housing availability. According to the 1993 U.S. Conference of Mayors' Report on Hunger and Homelessness in America's Cities, San Antonio has an estimated homeless population

Mellon 12/16/93

of 10,683. San Antonio's homeless population figures jumped 29% in 1992 and continues to climb today , 25% in 1993.

Of the homeless population, 65% are homeless families with children and 49% of the homeless families are now two parent households. One year ago, the percentage of two parent families stood at 20% today it is at 49%. This dramatic shift further documents the severity of the homeless crisis in this community.

A slowly recovering economy, lack of jobs, fixed or inadequate income, inadequate or unaffordable housing, and disaster situations, cause increasing numbers of San Antonio area individuals and families to find themselves in crisis situations. Family disintegration, family violence, lack of support systems, and inadequate coping skills cause high stress or transiency in those attempting to cope with such crises. Emergency needs i.e. food, clothing, shelter, and other material needs are outcomes of crises which require immediate solutions so that those persons affected can maintain daily living while waiting to secure more stable resources. These needs may be acute, resulting from random, one-time catastrophic incidents or may be chronic, occurring in weekly, monthly or longer cycles and are not limited to any one age, gender or ethnic group.

Community responses in addressing housing and homeless issues vary by locality and sub-population group served. The approaches that are achieving the highest degree of success are those that have combined housing programs with support services. These approaches address specific needs and incorporate strategies that assist people in re-establishing support systems. The ability of such programs to address the most fundamental need of regaining a sense of self worth is key in ensuring the success of any program. Housing programs cannot stand alone. They must be developed with accompanying short and long term housing and support service strategies. Programs that offer employment, training or educational opportunities experience lower recidivism rates than those that do not.

Effective federal government responses must be based on one fundamental belief: that is that safe, decent and affordable housing is a basic right of every person in the United States. Based on this premise, the federal government needs to be responsive to and not reactive in addressing social problems/issues. Foremost, prevention is the most critical element in addressing the problem of homelessness. The federal government must respect the fact that every community has the responsibility for and right to determine its own response in addressing housing and homelessness in its own community. More importantly, policy/decision makers need to understand the choice of funding the costs of a service and funding the hidden costs of being without the service.

Due to the federal government's resources, regulatory powers, and ability to reorganize its own bureaucracy, it can effectively ensure the necessary coordination of housing and support services.

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First, the federal government must substantially increase its own investment to expand the supply of affordable housing. It can and should utilize federal regulatory powers to support, encourage, or require local and state governments to invest their own resources in affordable housing and homeless initiatives. The federal government should support local units of government's use of regulatory powers in zoning, code enforcement, and residential demolition control to preserve inner city housing stock. Clearly, no community welcomes being regulated by the federal government; however, homeless people confront many of the same barriers faced by people of color during the peak of the Civil Rights era, thus requiring federal intervention. Improved coordination in the application, reporting and evaluation processes of the various federal homeless assistance programs will lessen this tension. More specifically federal departments can and should develop appropriate coordinated programs that target specific sub-groups and include both housing and supportive service eligible activities. These programs should not be fragmented by burdensome application processes.

In establishing priorities the federal government should establish short and long term goals. Some examples are as follows:

Short term

Fund programs that offer assistance to people on the verge of homelessness, emergency assistance and support mechanisms to ensure housing stability.

Ensure that lending institutions offer low-interest home improvement loans to homeowners for maintaining and upgrading property value thereby decreasing the incidences of sub-standard living conditions.

Ensure that Fair Housing standards are adhered to. Communities should be required to conduct periodic testing of lending institutions, mortgage companies, housing providers, etc. with penalties for both units of local government who fail to comply with the testing requirement as well as penalties for those who fail to meet Fair Housing standards.

Prioritize the disposition of publicly owned property for the development of affordable housing and homeless projects. Transfer of this property to developers for affordable housing production should be federally subsidized as an incentive to ensure its development.

The federal government should more effectively monitor the use of Community Development Block Grant funds to ensure that these funds are used for low and moderate income housing development.

The Community Reinvestment Act (CRA) should place a higher emphasis on banks' financing of local affordable housing initiatives.

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The federal government should require that cities deriving income, from the previously funded Urban Development Action Grants (UDAG) that in turn loaned private developers funds for commercial, residential or industrial projects, utilize this income for affordable housing development.

Long term

Re-establish the transitional nature of public housing.

Formulate housing policies that create the mechanism so families can progress more easily from public housing to permanent residences.

Require that states develop an aggressive economic development plan that secures industries with a long term commitment to communities that will offer better paying jobs than service-oriented businesses.

America's response to its own housing and homeless crisis requires that it prioritize the use of its resources. This is a shared responsibility including federal, state, and local governments as well as the private business and public sector communities. America's response must be sensitive to its own cultural, economic and social diversity.

As an American society, it is the community's responsibility to become more involved in identifying the problems and their solutions. The analysis offered by many scholars, economists, and other academics illustrates that because the United States ignored this issue it now is confronted with a major social and economic crisis. If America continues to ignore the accelerating rate of growth among its homeless population, it will be confronted with the following:

- * a smaller number of income producers to provide necessary support (taxbase);
- * a growing dependency on social programs that can eliminate the independence that Americans prefer;
- * an increased stress in American families that can disrupt family lives and ties; and
- * a need to allocate sufficient social resources to care for a diverse and heterogeneous population.

As a pioneer in working with homeless people, the Salvation Army and other providers have a proven record of efficiency, effectiveness and compassion in working with people that largely had gone unnoticed until homelessness landed at the doorstep of American cities. It is the local government's responsibility to facilitate the process to access a cumbersome federal bureaucracy

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that not only brings resources but accompanying red tape. The local government's role should be focused on the provision of technical assistance to community based organizations and the administrative management of federal funds. It is the community organizations who should be charged with focusing their efforts on service delivery and supported by local government efforts. In San Antonio, the City government has taken a proactive role in addressing the problem of homelessness and serves as a model for other units of local government. The City has utilized local and federal funds in establishing the San Antonio Metropolitan Ministry

Shelter and the Dwyer Avenue Center as well as provided funding to the Battered Women's Shelter. The partnerships the City has helped established have continued to thrive because of the community's commitment to a cooperative strategy. The fact that City government is not only involved in the capacity building of community based organizations but also as a service provider located within area shelters, speaks to this community's shared response in coordinating limited resources.

The local community response must embrace the need to bring down barriers that are a deterrent to collaborative strategies that prioritize needs, maximize the utilization of limited resources and establishes partnerships with the people being served. The use and accessibility of resources can be hampered by the institutionalization of the community's response to homelessness. A continuum of care plan must include strategies that incorporate the need for emergency and transitional services and offers a permanent solution that is sensitive to the particular needs of the homeless population sub-groups. This plan must also include a critical element often not included, a prevention mechanism. As cited in the Beyond McKinney report, these prevention strategies "...must address the shortage of affordable housing, inadequacy of income to meet basic needs, the lack of basic social services and the political disenfranchisement of homeless people." This community can accomplish this if it takes the recommendations of the Beyond McKinney report and locally implements them. The following policies should be adopted:

- " 1. Provide subsidies to make existing housing affordable, and create additional affordable housing through rehabilitation, including renovation of vacant, government-owned property,, and where needed, new construction; and,
2. Ensure that working ...(people)... can earn enough to meet basic needs and have access to jobs and job training, and provide adequate income assistance to those not able to work; and,
3. Ensure adequate social services, including health care, child care, mental health care, and treatment for substance abuse: and,
4. Prohibit laws that discriminate against homeless people and ...laws that target housing, services, and other programs to assist homeless people."

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These recommendations are based on a conscious effort to work to end homelessness and the need for emergency services. However, until these are fully adopted and implemented, emergency services should be continued. These policies are not intended to eliminate emergency services but rather the need for them.

In conclusion, the development of a continuum of care strategy must embrace a basic concept that respects a person's right to self-determination and self-rule and recognizes an individual's capabilities. The lack of safe, decent and affordable housing is unacceptable not only in this community but any community. This community must have the courage to wake up and recognize that the American Dream has become a living nightmare and take whatever action necessary to end homelessness.

December 16, 1993, field hearing held by the
Subcommittee on Housing and Community Development,
entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
MS. IRMA MELLON

YOU HAVE JUST BEEN AWARDED \$674,361 IN THE FORM OF A SUPPORTIVE
HOUSING GRANT -

1. HOW DO YOU PLAN TO USE THE MONEY?
2. WHAT SERVICES WILL YOU BE PROVIDING?
3. WILL THESE FUNDS INCREASE THE NUMBER OF PERSONS CURRENTLY
BEING SERVED?
4. WHAT EFFORTS IS THE SALVATION ARMY MAKING TO PROMOTE
COORDINATION OF SERVICES WITH OTHER HOMELESS PROVIDERS?
5. WHAT RECOMMENDATIONS DO YOU HAVE FOR IMPROVING AND/OR
CONSOLIDATING EXISTING PROGRAMS?

ANSWERS TO QUESTIONS FROM
CHAIRMAN HENRY B. GONZALEZ
TO MRS. MELLON

In regards to public hearing conducted in San Antonio, Texas on December 16, 1993

YOU HAVE JUST BEEN AWARDED \$674,361 IN THE FORM OF A SUPPORTIVE HOUSING GRANT

Q. HOW DO YOU PLAN TO USE THE MONEY ?

A. The grant funds will be used to develop and provide transitional housing for a target group of homeless families headed by single women. A projected number of 10 bedrooms for homeless persons with 28 beds for a total of 8 homeless families with children

Q. WHAT SERVICES WILL YOU BE PROVIDING ?

A. A full range of social services activities, in addition to housing, will be provided. These will include, but not be limited to:

- * through needs assessments
- * development of a Treatment Plan
- * intensive case management
- * instruction in parenting and independent living skills
- * vocational assessment, training and placement
- * child care
- * assistance in locating housing
- * follow up services to increase the likelihood of success

These services are designed to increase residential stability, increase skill and income level and provide greater self determination by addressing the comprehensive needs of families in a supportive environment.

Q. WILL THESE FUNDS INCREASE THE NUMBER OF PERSONS CURRENTLY BEING SERVED ?

A. These funds will increase the number of persons currently being served. Such increase will be a minimum of the numbers identified in the first question and may increase depending upon the length of family stay in a transitional living environment. Such additional increase will be impacted by the number of times the facilities can be "re occupied" each year.

Q. WHAT EFFORTS IS THE SALVATION ARMY MAKING TO PROMOTE COORDINATION OF SERVICES WITH OTHER HOMELESS PROVIDERS ?

A. The Salvation Army is involved in city, county and state wide networks of homeless services providers. We are constantly searching for new ways of finding collaborative methods of services provision for members of the San Antonio community. We have other agency service providers in offices within our shelters and we use the services of additional providers at their locations as well as refer to a wide range of local providers. These additional resources include but are not limited to institutions of higher education, non profit agencies, local

ANSWERS TO QUESTIONS FROM
CHAIRMAN HENRY B. GONZALEZ
TO MRS. MELLON

page 2

businesses, and governmental agencies at all levels. I personally serve on the Local FEMA Board, the Texas Homeless Network Board, and the Inter agency Coalition of Homeless Providers.

Q. WHAT RECOMMENDATIONS DO YOU HAVE FOR IMPROVING AND/OR CONSOLIDATING EXISTING PROGRAMS ?

A. Allow agencies serving homeless to be eligible to draw surplus federal furniture/supplies (i.e. military furniture) directly rather than requiring HUD to be the dispenser.

That Emergency Shelter Grant Monies be issued to "Emergency Shelters" and with more leniency. It seems that because those of us who have been serving this population for years and years are not given consideration to money which is available to help us to continue to operate. It is getting harder and harder for us to obtain federal, state and local monies to provide what we have years of experience in providing.

That monies and consideration be made for those employees who work with the homeless population. This is a very complex/confused category of individuals/families (i.e. we tolerate abuse, very high stress jobs, fast pace, etc.) and the payment for employees in these fields do not make or are not paid what they are worth or for what they have to put up with.

(MS. HALL)

SHELTER AND OTHER SERVICES OF TEXAS
1436 East Highland Street
San Antonio, Texas 78210
(210) 534-3741

Congressman Henry B. Gonzalez
Subcommittee on Housing and Community
Development

Shelter and Other Services of Texas (D.B.A. House of Hope) has been in operation since June of 1990. We have participated in the HUD homeless program since August of 1990.

At present, we have twenty-five (25) HUD foreclosed properties under lease. Five (5) of these single family dwellings are located in Corpus Christi, Texas. We house five (5) families with children with at least one (1) family member being HIV+/AIDS. In San Antonio, Texas we have eighteen (18) single family dwellings and two (2) four plexes. This gives us a total of twenty-three (23) family units and eight (8) one bedroom apartments. Seventy-five (75) percent of our clients in San Antonio are HIV+/AIDS. The other twenty-five (25) percent are other disabilities/handicapped.

Most of our clients are unable to work and require some care-provider service in their home to help care for them. This care-provider may be a family member or may be from a health care agency. All clients are charged on a sliding scale not to exceed thirty (30) percent of total household net income. Their income is very limited and usually comes from Social Security, S.S.I. or welfare. By the time the client reaches our program, they are homeless and handicapped with very little of the base necessities needed to live. We have no funding from the City of San Antonio, the State of Texas or the Federal Government. We operate entirely on program income and donations. THIS IS EXTREMELY DIFFICULT !

At the time we got our first group of homes we had to select them from the extended list. These are homes in bad condition which meant we had high costs for repairs and maintenance. Later the rules changed and we were allowed to acquire properties from new acquisitioned properties. This was an improvement--however it brought loud protests from some of the local realtors who felt we should not get these nicer properties for our program. On several occasions we had to give back properties after the realtor complained to HUD--not because of HUD, they were very supportive--but because the realtor went to the neighbors and told them we were moving "AIDS infected people" into the house. Once this happens, we are afraid to place a family in that property for fear of the possible danger of retaliation to the

clients and property. Not once since we started, have we had to return a property or relocate a family because the family caused a problem.

The high cost of repairs and maintenance along with insurance and taxes, cripples our effort to operate. If my program could get some "tax relief or break" from the City of San Antonio, we could survive and operate a more productive program. We have been trying for over three (3) months to get an appointment with Nelson Wolfe and he has ignored our requests. HUD representatives are willing to meet with him. His secretary called HUD to verify that they are in agreement, but the standard answer is, "I'll get back to you." This shows a real lack of concern about our much needed housing for the homeless handicapped, disabled, and AIDS population by our mayor. I realize I can sign up for five (5) minutes on any Thursday, regular City Council meeting and address this problem.

My HUD representatives and myself feel this is "risky" to the properties and clients alike. Mr. Cisneros would be well aware of the problems this could have caused when he was the Mayor of San Antonio and know why we feel we need to meet with our current mayor and discuss this other than at a regular City Council meeting. This is another problem we have to face--local government's lack of concern in meeting our needs.

Funding for programs like ours in San Antonio is controlled by the Bexar County AIDS Consortium. We do no needle exchange and do not furnish condoms. We do not shelter active prostitutes or I.V. drug users. Therefore, we are not "POPULAR" in the gay community which controls the Consortium. Also, we receive no Ryan White and no State Funds.

At present, the House of Hope is the only program in this area providing independent living for people with AIDS and their family members in HUD leased properties. Without our program there is NOT a program for homeless handicapped/disabled family units in this area.

Homeless is the result of other problems. If we simply provide shelter and do nothing or very little to solve the problems that caused the person or family to become homeless, we are simply spinning our wheels, wasting our taxpayers money and getting nowhere toward correcting the problem of homelessness. Homelessness should be on the decrease in our society. It is not, so we need to find out why it is not and then correct it. In other words--let's do something about it NOW.

We need to make the Federal Funds when available easier to access. The grant applications are too complicated and lengthy and notice is too short for small agencies to apply. A small

agency has a very slim chance of ever getting a grant for Federal Funds.

If this type of program is to survive and provide the needed services, we must find a way to get past the barriers. The cost of rehabilitation of properties, taxes, supportive services and operating costs must be met.

Hopefully, this committee will be instrumental in finding solutions. *WE ALREADY KNOW THE PROBLEMS.* If solutions are not found our homeless population will steadily increase. Do we want to be known as the leading nation in homeless people?

Submitted By
Raye Hall
Executive Director

*Sincerely -
Raye Hall*

December 16, 1993, field hearing held by the Subcommittee on Housing and Community Development, entitled "Housing Needs in San Antonio, Texas"

QUESTIONS FROM CHAIRMAN HENRY B. GONZALEZ TO
MS. RAYE HALL

1. WHAT RECOMENDATIONS DO YOU HAVE FOR PROMOTING COORDINATION AND COOPERATION AMONG THE LOCAL GOVERNMENTS AND HOMELESS PROVIDERS?
2. WHAT SERVICES WILL ALLOW PEOPLE WITH AIDS TO LIVE INDEPENDENTLY? AND WHAT RECOMMENDATIONS DO YOU HAVE FOR REDIRECTING EXISTING FUNDING STREAMS?
3. HAVE YOU HAD PROBLEMS WITH NIMBY? (NOT IN MY BACKYARD)
4. WHAT CHANGES OR IMPROVEMENTS WOULD YOU LIKE TO SEE IN SUPPORTIVE SERVICES?

Ms. Hall's Responses to Chairman Gonzalez' Questions

Question#1

Answer: closer networking.

Question#2 part 1

Assistance with rent, utilities, food, medicine, and homemaker, care provider service.

Question #2 part 2

Agencies need to compete on the local level, perhaps joint effort grants thru the City Money going thru the local Bexar County Aids Consortium, needs more realistic control of funds so that the true needs of the clients are met.

(not which agency is the most popular at the moment)

Question#3

The N.I.M.B.Y. is alive and well when it comes to people with Aids, very difficult to deal with.

Question#4

More money needs to be geared toward clients remaining in their home with their family. This will be possible with care teams and housing cost assistance.

AFFORDABLE HOUSING CENTER'S
COMMUNITY DEVELOPMENT PLAN

PREPARED FOR:

THE HONORABLE AL GORE, VICE PRESIDENT

THE HONORABLE HENRY CISNEROS, SECRETARY HUD

THE HONORABLE HENRY B. GONZALEZ

THE MAYOR AND CITY COUNCIL OF SAN ANTONIO
NEIGHBORHOOD HOUSING SERVICE OF SAN ANTONIO

COMMUNITIES ORGANIZED FOR PUBLIC SERVICE

PARTNERSHIP FOR HOPE

FINANCIAL INSTITUTIONS

Affordable Housing Center

God blesses those who are kind to the poor. He helps them out of their troubles. Psalm 41:1

December 5, 1993

Ladies and Gentlemen:

The Clinton Administration and two recent reports originating in San Antonio have recognized the need for new approaches to meet the needs for:

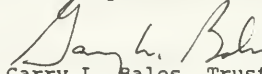
1. low income housing,
2. affordable child care,
3. employment opportunities and
4. changes in the way we deliver health care.

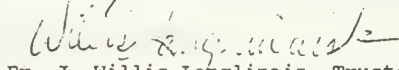
The first objective of this proposed project is to build a very large number of affordable residences as economically as possible. We believe that the other three identified needs can be met simultaneously with a unique social contract.

This program will maximize assets within the community. It will be the focal point for extensive self-help projects.

A brief business plan is attached.

Sincerely,


Garry L. Bales, Trustee


Fr. J. Willis Langlinais, Trustee

1.0 EXECUTIVE SUMMARY

The need for a large amount of moderate and low-cost housing in San Antonio has been recognized by government officials and public service organizations. San Antonio has the highest percentage of poor homeowners living in over-crowded and physically deficient housing of any city its size. The number of households fitting this description is reported to number in the tens of thousands.

Almost equally pressing are the needs for affordable child care, job training and employment opportunities. "Structural deficiencies in the San Antonio economy will require decades of commitment and a higher priority placed on human development. The complexity of the low-income housing and the expense required to remedy the situation require that any meaningful intervention consist of adequate resources applied in a thoughtful manner."¹ This action plan for creating affordable housing, jobs, affordable child care, job training and employment in the rapidly growing homecare field was designed as a large scale model. The number of home ownership incentive programs will be increased by enabling the Affordable Habitat Center (a non-profit foundation) to develop partnerships with the private sector. The problem is so large and so critical that public funding must be leveraged to the maximum extent possible.

¹ From the closing statement by Larry Witte, "A Different American Dream", November 8, 1993.

1.1 HISTORY & BACKGROUND

There were an estimated 87,200 poor households in San Antonio in 1990 and approximately 17,000 more individuals have been falling below the poverty level each year. Sixty-eight percent of poor families live in unaffordable housing. Almost half of poor homeowners and 33% of poor renters live in physically deficient housing. The percentage of poor households in the San Antonio metro area living in physically deficient housing--39%--was more than double the rate nationwide.

Renters spend nearly half of their income on housing. There is a shortage of 15,300 affordable rental units in the San Antonio Metropolitan Area. There are 25,000 families on the waiting list for Section 8, subsidized rental housing and about 1,750 new households are formed each year which could require assistance, but do not. Many of these new families are living with parents or one or more parents are living with children. Of the houses which are both overcrowded and physically deficient, 99% are occupied by Hispanic households.

There are approximately 20,500 poor, elderly households in San Antonio, 60% of which are owned. Seventy-six percent of these elderly homeowners owed no mortgage on their property. There are 10,800 elderly women living alone and these are frequently among the poorest of the poor.

"In San Antonio, poverty and the high cost of housing collide to create a housing market that ranks among the worst in the country in several categories," - Laura Calderon, executive

director of Partnership for Hope. The cost of old, physically deficient housing in the lower income neighborhoods is frequently more than 2.5 times higher than new construction on a cost/square foot/year of remaining economic life basis. The housing problems of San Antonio's poor have been documented recently by Larry Witte in a report titled, "A Different American Dream: The Low-Income Housing Crisis in San Antonio" (Exhibit A).

Affordable housing and affordable child care are the two major barriers to self-sufficiency, particularly for women. "Child care drives the JOBS program. Without appropriate and adequate child care, there would be no education, no training, and no employment for parents." - Barbara Ford Young, regional director of client self-support services for the Texas Department of Human Services. The State of Texas supports only two percent of the target population!

In his keynote address to The 1993 San Antonio Poverty Summit (Exhibit B), Doug Ross (Undersecretary Designate for Employment and Training, U.S. Department of Labor) made several key points which are applicable to this proposal:

- A. Economic forces are changing the path out of poverty, as good-paying, low-skill jobs are disappearing around the world.
- B. Increasingly middle-class work requires employees to take charge of their situation.

C. Three principles guide the innovations being made in human services.

1. Those being helped must have the role of active participants, not passive recipients.
2. Anti-poverty initiatives must build on people's assets, and not focus on deficits.
3. We must develop a new social contract in which those who receive services will be required to meet specified standards of behavior.

D. President Clinton's New Covenant, which includes welfare reform and national service in exchange for money for college tuition, incorporates this new social contract.

"Employment is the ultimate vehicle to self-sufficiency. A job enables a person to gain income, personal dignity, and a sense of place in society."² The aging population and the need to cut medical costs will create a ravenous appetite over the foreseeable future for health care workers who can bring patients home. According to the Bureau of Labor Statistics, home care will see faster growth than any other occupation between 1990 and 2005. Besides delivering basic medical care to the elderly, disabled and chronically ill--monitoring temperature and blood pressure, for example, and making sure medications are taken properly--aides sometimes cook, shop and keep house. No degree is required but

²Building Economic Independence: The Center for Employment Training, by Dan Alfaro and Ruth Corona-Garcia presented at The 1993 San Antonio Poverty Summit.

aides compensated by Medicare have to pass competency tests and take at least 75 hours of training. Related high demand employment fields are child care workers and nursing aides.

1.2 AFFORDABLE HOUSING CENTER'S ACTION PLAN

The complexity of the root causes of poverty in San Antonio have created a trap from which many of the impoverished can not escape without intervention from outside of the community. Intervention can address four or five problems simultaneously in ways that maximize assets from within the neighborhood. The participants must be willing to be involved in the whole process. This will probably require a brand new concept in the social contract and unique contracts between the beneficiaries, the Center and third parties.

The primary objective is to build as many affordable homes as economically as possible. These homes will be built for home ownership. Home ownership may be achieved by:

1. Trading in an existing home with some equity is the most common way of acquiring a new home.
2. If the trade-in home is unfit to sell, it may be rented by the Center to recapture the down payment. The house would eventually be torn down and a new house built on the site. The old house would be managed for the highest net gain for the homeowner.
3. "Sweat equity" for labor performed or services contracted for is less common but a viable way of earning a down

payment. Services may even be performed to third parties, especially those involving the Center. The legality and taxation status of these transactions will be verified with a Private Letter Ruling to be submitted to the Internal Revenue Service.

4. Fund raising activities will be held throughout the duration of the project. Funds raised will be focused on supporting child care, assisted living care and hospice care.
5. Excess costs (losses) may be shared with other non-profits,
6. Government grants (possibly a Community Development Block Grant) may be needed to make up the difference between building costs and selling price.
7. Shared equity appreciation arrangements with third parties or Limited Partners.
8. In certain cases, there may be lease to purchase agreements.

The Center will be the General Partner and General Contractor for development and management projects. Center leaders have been preparing development and private sector investment plans since 1987. The Center can begin implementing these plans as soon as interim financing is secured.

The second step in any low-income community development plan has been identified as affordable child care (Exhibit B). Many poor people can take the first steps toward self-sufficiency,

training and employment only after affordable child care is available. The Center plans to initiate affordable child care projects at the beginning of its Phase III. According to the Foundation for Hospice and Homecare/National HomeCaring Council, home care aides, child-care workers and nursing aides will be the fastest growing occupations through the year 2005 (Exhibit C).

2.0 BUSINESS DESCRIPTION:

1. Residential property development,
2. Large scale training of construction workers from the neighborhood,
3. Construction and operation of child care centers,
4. Construction and operation of assisted living facilities for the elderly.
5. Construction of hospice care facilities.
6. Communication with numerous participants and job seekers, many of whom have no telephone, will require establishing a Community Voice Mail system.³

Equal opportunities for achieving home ownership must be made available to everyone. The opportunity to earn a "sweat equity" in a home will be denied for most women unless affordable child care and appropriate employment opportunities are available. The Center

³ A pilot Community Voice Mail program in Seattle, Washington produced solid results. A user gets a phone number, records a personal message and receives a private access code to retrieve messages. The system can be accessed from any touchtone phone. According to an editorial in the San Antonio Express, 83 percent found jobs and places to live in less than eight weeks.

will make child care available to program participants. Many participants will need child care services while they are training for child and home care occupations. The Trustees visualize providing opportunities for many women to earn the down payment on a home by providing services in day care, assisted care or hospice care facilities.

For example: from eight to 12 elderly women may trade their homes for a life estate in one of the Center's assisted living homes which will furnish housing for eight to 12 families. One or two health care providers could take care of these women in a situation substantially improved from what they are living in now. Many elderly women may be willing and able to be volunteers in an Infant-Senior Sharing Project (ISSP) like the ISSP center in Englewood, New Jersey (see Family Circle Magazine, 12/21/93 page 18). The Englewood center is staffed by four regular volunteers and three full time paid workers--ranging in age from 62 to 87 and cares for from 20 to 30 infants and toddlers. Hospice care could be arranged in a similar manner.

2.1a NAME:

Affordable Housing Center, a 501(c)(3) subsidiary of Wildlife Habitat Trust.

2.1b LOCATION:

San Antonio, Texas. The Affordable Housing Center will cooperate with interested government and community leaders to establish similar programs wherever the need exists.

2.1c SERVICES:

Land development, construction of low and moderate income homes, rental of old homes taken in trade for equity in new homes, training selected neighborhood residents in building trades, construction and management of day care centers to be staffed primarily by home buyers desiring to earn a "sweat equity", assisted living facilities for the elderly and hospice care facilities for the terminally ill.

Since affordable child care is a preliminary requirement for single parents seeking job training and trying to enter the work force, Phase III and IV opportunities to earn a "sweat equity" in a new home will involve cooking, shopping, house keeping and delivering basic medical care to the elderly, disabled and chronically ill--monitoring temperature and blood pressure and making sure medications are taken properly. There will be a multitude of jobs for home and hospice care aides.

2.1d MARKET & COMPETITION:

The primary market area is defined as being the south and central part of San Antonio. Secondary market areas would consist of other needy Texas communities. The Center is a non-profit

organization and will be working with non-profit organizations and appropriate city, state and federal agencies. Since there is little or no economic incentive for "for profit" development in the lower income neighborhoods at this time, there will be negligible competition to or from established real estate developers and builders and there should be little or no concern about unfair competition to established development activities in the target neighborhoods.

Opportunities can arise from adversity. The Affordable Housing Center will be creating job opportunities in the building trades, in child care, home medical care and hospice care. Participants will be encouraged, even required to get involved. This is a grass roots "give as much as you get" neighborhood self-help program.

2.2 DEVELOPMENT OBJECTIVES

The primary objectives of the proposed program can be accomplished in four phases.

Phase I will be the construction of 10 - 30 new homes, possibly in collaboration with the Neighborhood Housing Service of San Antonio or a similar entity. The Center will be carefully analyzing the time, cost and labor requirements of residences constructed with state of the art materials and methods. Phase I could begin almost immediately upon securing interim financing.

Phase II will be the development of a subdivision. This phase will build between 25-50 units and will permit economies of scale

and opportunities to train new people in different phases of residential construction of the type planned. Phase II requires a commitment to finance the purchase and development of raw land. Options must be secured and feasibility studies conducted prior to any commitment to purchase the land. Subject to the findings of the feasibility study and available financing, the land can be purchased, surveyed and prepared for development. The pre-construction phase usually requires up to 12 weeks.

Phase III is planned to be the accelerated construction phase where from 10 to 100+ unit sites are developed as rapidly and efficiently as possible. Day care, assisted living residences for the elderly and hospice care facilities are also planned during this phase which will be approximately six to nine months into the program. Only a small part of the overall efforts during this phase will be tearing down old buildings and preparation of individual isolated building sites because it is not the most efficient use of resources at this stage of development.

Phase IV will be expansion of building capabilities to construct approximately 1,000 new units per year and training personnel to duplicate this capability. By the end of the second year, the construction supervision/project management should be able to either redouble itself or field another large scale development effort in another area. Some time during Phase IV, there will be a surplus of qualified construction workers trained in the type of construction the Center will specialize in. At this time, selected construction workers will be encouraged to

encouraged to become independent contractors and work in collaboration with the Center or independently if they choose.

2.3 ORGANIZATION

The Affordable Housing Center (the Center) is a recently formed subsidiary of an existing 501(c)(3) charitable trust organized and recognized by the Internal Revenue Service in 1982 as a qualifying non-profit charitable trust.

At this time, the Affordable Housing Center is planned to be the developer, general contractor and general partner. Qualified subcontractors will be employed as needed with a strong emphasis on hiring people from within the neighborhood. The Center plans to network with local, state and federal government agencies as well as other non-profit organizations such as the Neighborhood Housing Service of San Antonio, Habitat for Humanity and Partnership for Hope.

2.4 HISTORY OF OPERATIONS

Garry Bales and others formed the non-profit WILDLIFE HABITAT TRUST in 1982. Wildlife Habitat Trust is a network of more than 100 conservation specialists from all over the country who proposed to manage marginal and unmarketable farms owned by the U.S. Department of Agriculture (USDA). The rural poor and displaced farmers were a primary concern in earlier programs. The proposal was formally made to the Subcommittee on Conservation and Forestry of the Committee on Agriculture, Nutrition, and Forestry of the

United States Senate on March 24, 1988. A revised proposal and business plan was presented to the Bush Administration on March 10, 1989.

Skip Summers has 28 years of experience in development and construction of all kinds of residential, commercial and special purpose properties. He has been a construction supervisor for U.S. Homes, Lyda Construction Company and the CCC Group, a major construction company headquartered in San Antonio. He has supervised more than \$13,000,000 worth of new construction between 1991 and 1993. He has planned several affordable housing projects which were never funded. He will manage and supervise all phases of construction for the Center.

3.0 MANAGEMENT PLAN

The Center's management plan is to produce as many affordable housing units of average or better quality as is economically feasible. Emphasis will be placed on building safe, durable residences. Many floorplans will be designed for future expansion. Other floorplans will recognize the special needs of extended families. Not only will opportunities for home ownership and employment be maximized, the Center also plans to maintain an employment guidance and reference office to help participants remain fully employed in an employment market which is relying more and more on temporaries. Simultaneously, a maximum number of opportunities for Community Reinvestment Act qualifying investment

will be created. The Center plans to continue the Community Voice Mail project as a service to the Neighborhood.

A large number of child care centers will be constructed and partially staffed by people earning a "sweat equity" in a home. First priority for these child care centers will be to provide day care for families on the Trust's fast tract to self-sufficiency programs. Among these programs will be training for child care workers, home care workers, nurses aides and hospice care workers. Several special housing units will be constructed for elderly singles. Several hospice facilities will also be constructed. Trained workers may earn "sweat equity" credits toward home ownership by providing service in a Trust operated facility.

4.0 FUNDING

Phase I startup costs should be approximately \$25,000 and be covered by contractual agreement with the sponsoring agency. Interim financing must be in place and draws for work completed must be available on a weekly basis.

Phase II will probably require approximately \$6,000 - \$7,500 per lot in pre-construction acquisition and development costs. Interim financing must be in place and draws for work completed must be available on a weekly basis. The costs of Phase II which are in excess of the sale price can probably be made up from grants.

In Phase III, an estimated 90 percent of the costs of development can be recaptured from sales. Another five percent may

eventually be recovered from contributions of cash and services donated. Over the entire duration of the project, a grant of probably five percent to seven percent should cover the total costs. The Center's goal, however, is for neighborhood's inputs to eventually exceed outputs or costs. In other words, the project may become self-supporting and self perpetuating.

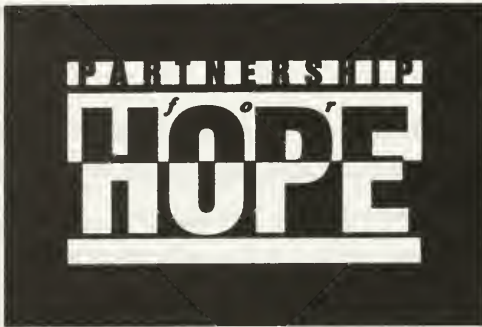
The project should begin breaking even sometime in Phase IV. Land development costs are expected to remain relatively constant but building costs will decline as worker efficiency and economies of scale reach optimum levels. The worst case scenario is for sale prices to be five to seven percent below building costs. This much shortfall should be anticipated and provided for in case the need materializes.

In Phases II, III and IV, funding requests for the development of specific tracts of land will be submitted upon the basis of feasibility and highest and best use studies. There have not been enough sales of vacant land in this neighborhood to establish a market value by the Sales Comparison Approach.

The cost of houses constructed under this program will probably be between \$27,500 and \$37,500 and weekly draws will need to be made for payment on Friday for work completed and inspected on the previous Wednesday. This is an absolute necessity due to the extremely tight cash flow residents of this neighborhood are accustomed to living with.

Exhibit A

A Different American Dream: THE LOW-INCOME HOUSING CRISIS IN SAN ANTONIO



Improving Life Circumstances for Those in Poverty

**Partnership for Hope
San Antonio, Texas**

November 8, 1993

Larry Witte

A DIFFERENT AMERICAN DREAM

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Dean, St. Mary's University
School of Law;
Chair, Board of Directors,
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Junior League of San Antonio

Arthur Emerson
General Manager/
Vice President, KVDA-TV

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M.P.H.
Director, San Antonio
Metropolitan Health District

James Hadnott, M.D.
Co-Developer,
East San Antonio
Neighborhood Health Center

Sister Neomi Hayes
Director, Visitation House

Roberto Jimenez, M.D., F.A.P.A.
Associate Clinical Professor,
University of Texas Health
Science Center at San Antonio

Bernard Lifshutz
President
Texas Home Improvement

Choco Gonzalez Meza
Deputy Assistant Secretary for
Intergovernmental Affairs,
U.S. Department of Housing and
Urban Development

Blanche A. Russ
Executive Director
Parent-Child, Inc.

Andres Sarabia
Communities Organized for
Public Service

Maria Elena Torralva
Director of Diversity
Hearst Newspaper Group

David Trejo
Regional Administrator,
Texas Department of
Human Services

Julian Treviño, Ph.D.
Director,
Management Support and
Professional Development
Services,
San Antonio Independent
School District

Caroline Walker
Community Volunteer

Jack Willome
President, Rayco, Inc.

Consultant
Kevin Moriarty
Director,
Department of Community
Initiatives, City of San Antonio

Mission Statement

The mission of Partnership for Hope is to make the San Antonio community aware of the human and economic cost of poverty and challenge its leaders to commit themselves to dramatically reduce poverty in this generation. Our commitment is to forge partnerships and to work together as a community to bring hope for a better future to those in persistent poverty and improve their life circumstances.

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3737 Broadway, Suite 100
San Antonio, Texas 78209
(210) 826-HOPE
Fax: 826-3774

THE LOW-INCOME HOUSING CRISIS IN SAN ANTONIO

Acknowledgments

The talents and expertise of many individuals greatly enhanced this report. First of all, this publication would not have been possible without the support of the Rockefeller Foundation, especially that of Ms. Julia Lopez, director, and Dr. Aida Rodriguez, associate director, of the Rockefeller Foundation's Equal Opportunity Division.

Laura Calderon, executive director of Partnership for Hope, provided editorial assistance for the report. Also making significant contributions to the report's text and design were Allen Moy, program assistant of Partnership for Hope, and Randy Capps of the Urban Institute.

In addition, several individuals and organizations enhanced this document at various stages of production. Most importantly, the Center on Budget and Policy Priorities laid the groundwork for this study through its previous summaries of housing markets throughout the country, including San Antonio. In particular, Ed Lazere, whose name appears in several footnotes, provided pertinent comments and valuable information several times throughout the development of the report.

Others without whose contributions this study would not be as thorough as it is include the U.S. Bureau of the Census, the San Antonio Department of Housing and Community Development, and the San Antonio Department of Planning, which provided the maps at the end of the report.

Finally, all those who served on the report's advisory panel deserve special recognition for sharing their comments on the draft of the document and developing the recommendations that appear in the final chapter. They are listed below.

Housing Report Advisory Panel

Ted Cornwell	San Antonio Housing Authority
Liz Davies	San Antonio Housing Trust Downtown Advisory Committee
Ricardo de los Santos	San Antonio Housing Authority
Susan Dunn	San Antonio Metropolitan Ministry
Yolanda Felan	Wakefield Hendricks Real Estate Services
	<i>(representing Ruben Peña, San Antonio Planning Commission)</i>
Mary Figueroa	U.S. Department of Housing and Urban Development
Elinor Fries	San Antonio Housing Trust
Mike Garcia	San Antonio Housing Trust
Gilbert Gonzalez	San Antonio Housing Authority
Tim Hathaway	Cambridge Realty Group
Sr. Neomi Hayes	Visitation House
Robert Jodon	San Antonio Housing Trust
JoAnn Lawson-Dauphin	Bank Of America
Ernie Lopez	Alamo Area Council of Governments
Jim Rodriguez	Center for Health Care Services
Lupe Torres Venema	Center for Health Care Services

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Because the San Antonio metropolitan area is one of the poorest large urban areas in the country, it is not surprising that many residents feel the acute stresses of inadequate low-income housing. Poverty is a precursor to housing problems, and housing is the largest expense for most families. Low incomes force poor households to devote large portions of their financial resources to housing that is frequently of low quality.¹ In many cases housing becomes a tremendous financial burden, preventing families from purchasing other essential items, including food.

High poverty: In San Antonio poverty and the cost of housing collide to create a housing market that ranks among the worst in the country in several categories. San Antonio has the second-highest poverty rate among U.S. cities of more than 750,000 residents.²

The *American Housing Survey for the San Antonio Metropolitan Area in 1990*, which provides most of the data in this study, reports that 19 percent of all households in the San Antonio metropolitan area were poor in 1990, a total of 87,200 poor households.³ This is a noticeable

increase from the 16 percent figure in the *American Housing Survey for the San Antonio Metropolitan Area in 1986*, and substantially higher than the national average, 14 percent.⁴ Among the 44 metropolitan areas that the *American Housing Survey* examines individu-

ally, the San Antonio metro area, which included Bexar, Guadalupe, and Comal counties, had the second-highest poverty rate. The city of San Antonio was the seventh-poorest among the central cities of each of the 44 metropolitan areas.⁵ The city of San Antonio also was the poorest section of the metropolitan area with a poverty rate of 24 percent in 1990.

Poverty is much more prominent for San Antonio's large minority population than for white residents. As a result, minorities experience housing pressures far more frequently than the rest of the population.

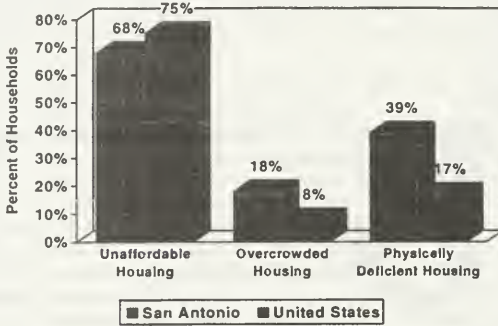
- Black households had a poverty rate of 34 percent in 1990.
- Hispanic households had a poverty rate of 30 percent.
- The poverty rate for white households in 1990 was much lower, 9 percent.

Executive Summary



EXECUTIVE SUMMARY

Figure 1: Housing Indicators for Poor Households in the San Antonio Metropolitan Area and the U.S.



The large Hispanic population in the San Antonio metropolitan area gave that group prominence in terms of the number of poor households. There were 54,600 poor Hispanic, 21,700 poor white, and 9,800 poor black households, along with 1,500 poor households of other ethnic backgrounds in the San Antonio metro area in 1990.⁶

Unaffordable housing: While low-income housing generally has certain characteristics, the housing market in San Antonio is distinct in several respects. First of all, unaffordable housing is less of a problem in San Antonio than in many other metro areas. In the San Antonio metropolitan area 68 percent of poor households—50,800 households—inhabit unaffordable housing, defined as housing that consumes more than 30 percent of household income. Yet poor households in San Antonio are not as financially burdened as are poor households nationwide, 75 percent of whom live in unaffordable housing. Among the 44 metropolitan area examined in the *American Housing Survey*, the San Antonio area ranks among the 10 least burdensome for low-income households.

Economic stress: This is not to say, however, that housing is affordable for poor households in the San Antonio metro area. The high percentage of income spent on housing is the primary low-income housing problem in every major metropolitan area in the country, and San Antonio is no exception. Poor households in the San Antonio area have little choice but to devote large portions of their income to housing.

- In 1990 the typical household in the San Antonio metropolitan area with an income under \$5,000 spent 56 percent of its income on housing.
- Households with more than \$120,000 in income spent just 8 percent of their income on housing.



Housing for poor households is slightly more affordable in San Antonio, but local housing is much more overcrowded and has more physical problems than housing for poor households nationwide.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

Among 44 major metropolitan areas, the San Antonio area had the second-highest poverty rate, 19 percent.

unaffordable housing: Living quarters that consume more than 30 percent of a household's income, according to guidelines developed by the U.S. Department of Housing and Urban Development.

poverty: Families and unrelated individuals are classified as being poor using income levels established by the federal government. In 1990 households were considered poor only if their annual income fell below the following guidelines.

1990 Poverty Thresholds	
Household Size	Income
1	\$6,652
2	8,509
3	10,419
4	13,359
5	15,792
6	17,839
7	20,241
8	22,582
9	26,848

The poverty level is adjusted annually for inflation. (For further explanation, see Glossary.)

A DIFFERENT AMERICAN DREAM

In 1990 there were 52,700 low-income renters and just 37,400 low-rent units in the metro area—a shortage of 15,300 units.

18 percent of poor households in the metro area were overcrowded in 1990—15,500 households—more than twice the national rate of 8 percent for poor households.

In fact, thousands of poor households spend 50 or even 70 percent of their income on housing. Housing cost burdens of this magnitude force a household to make hard choices about other important expenses, such as food, clothing, or health care. In extreme cases families must live in the same home with another family, or even become homeless.

Housing cost burdens were higher for poor renters than poor owners.

- The typical poor renter household in the San Antonio metropolitan area spent 46 percent of its income on housing.
- Poor owners spent 37 percent of their income on housing.

Affects all poor households: Since housing unaffordability is the most widespread problem for poor households, this aspect of low-income housing is fairly equally shared among poor whites, Hispanics, and blacks in the San Antonio metropolitan area. Poor white households actually spent more on housing than did the other groups, but because blacks and Hispanics had higher poverty rates, unaffordable housing was more common among minority households in general.

- Poor white households spent 53 percent of their income on housing.
- Poor black households spent 45 percent of their income.
- Poor Hispanics spent 36 percent of their income on housing.

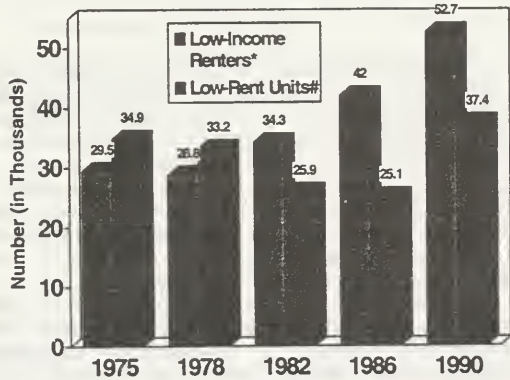
Low-income renter squeeze: Another vivid indication of the severity of housing unaffordability is the shortage of low-rent units in the San Antonio metropolitan area. In this case, low-rent units are those with housing costs of less than \$250 a month, and low-income renters are renter households with incomes below \$10,000 a year.

**Low-income renters are renter households with incomes below \$10,000 in 1990 dollars. This definition was developed for this study only and differs from the official definition used by the U.S. Department of Housing and Urban Development.*

#Low-rent units are rental living quarters with housing costs of less than \$250 a month in 1990 dollars.

Source: Center on Budget and Policy Priorities; American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 2: Low-Income Renters and Low-Rent Units, San Antonio Metropolitan Area, 1975-1990



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Figure 3: National Rank, Selected Categories, San Antonio Metropolitan Area, 1990

All Households	Percentage	Rank*
Poverty level, metropolitan area	19 percent	2
Poverty level, central city	24 percent	7
Poor Households	Percentage	Rank*
In unaffordable housing	68 percent	Bottom 10
In overcrowded housing	18 percent	Top 4
In overcrowded housing—homeowners	18 percent	1
In physically deficient housing	39 percent	1
In physically deficient housing—homeowners	47 percent	1
In physically deficient housing—renters	33 percent	Top 2
In physically deficient housing—Hispanic	49 percent	1
Texas	Percent of Income	Rank*
Income spent on property taxes—poorest households	7.6 percent	4

In 1990 there were 52,700 low-income renters and just 37,400 low-rent units in the metro area—a shortage of 15,300 units. This situation has persisted since the early eighties when the number of low-income renters passed the number of low-rent units. In 1982 the San Antonio metropolitan area faced a shortage of 8,400 low-rent units. The surplus of low-income renters grew to 16,900 in 1986 before the gap narrowed.⁷

In addition, about one in six low-rent units in the San Antonio metropolitan area was vacant in 1990, and may have been in poor condition. Also, more than one in four low-rent units was occupied by a household not considered low-income. As a result, only 40 percent of the low-income renters in the metro area lived in low-rent units.

Overcrowded housing: While unaffordable housing is the most common problem for poor households in the San Antonio metropolitan area, the region stands out nationally for the poor quality of low-income housing. In particular, poor homeowners in the area endure conditions significantly worse than owners in other large metro areas.

Eighteen percent of poor area households were overcrowded in 1990—15,500 households—more than twice the national rate of 8 percent for poor households.⁸ Additionally, the rate of overcrowded housing increased from 16 percent in 1986, which was one of the four highest rates in the country among surveyed metro areas.⁹

The crisis is more obvious for homeowners. The rate of overcrowded housing for owners was 18 percent, four and a half times the national level of 4 percent for poor owners.¹⁰ This was the highest rate among the 44 metro areas examined individually in the *American Housing Survey*.¹¹

*San Antonio metropolitan area rankings are among 44 major metro areas individually examined in the *American Housing Survey*. Because of the margin of error, rankings are provided only in cases where metropolitan areas have indicators that are significantly different from those of other metro areas. Otherwise cities are ranked in groups, for example, "Top 4."

Texas is ranked among the 50 states and the District of Columbia.

Source: *American Housing Survey for the San Antonio Metropolitan Area in 1990; A Place to Call Home; U.S. Bureau of the Census; American Housing Survey for the New Orleans Metropolitan Area in 1990; A Far Cry from Fair.*

overcrowded housing: Living quarters containing more than one person per room.

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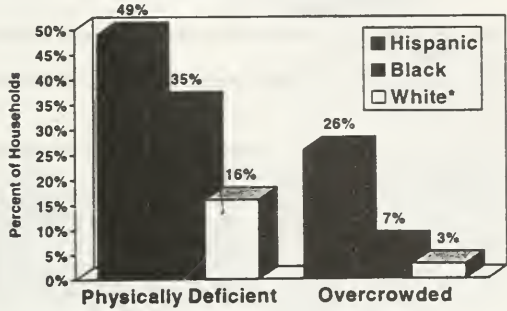
*Figures for white population refer to non-Hispanic, non-black households.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

More than one in 10 poor Hispanic households contained more than one family.

The percentage of poor households in the San Antonio metro area living in physically deficient housing—39 percent—was more than double the rate of 17 percent for poor households nationwide.

Figure 4: Physically Deficient and Overcrowded Housing, Poor Households in the San Antonio Metropolitan Area, 1990



Hispanics most crowded: Unlike housing affordability, which was evenly distributed among different ethnic groups, overcrowded housing for the poor in the San Antonio metropolitan area was much more common for Hispanic households.

- 26 percent of poor Hispanic households were overcrowded.
- Just 7 percent of poor black households were overcrowded.
- 3 percent of poor white households were overcrowded.

Two out of five poor Hispanic households also included relatives other than spouses or children of the householder, and *more than one in 10 poor Hispanic households contained more than one family*. Just 2 percent of non-Hispanic poor households included more than one family.

Twice the national rate: Physically deficient housing, defined as living quarters with at least one moderate or severe physical problem, is also very common in San Antonio. Thirty-nine percent of low-income housing—a total of 34,000 units—in the San Antonio metropolitan area was physically deficient in 1990. This level is more than double the rate of 17 percent for poor households nationwide.¹² Among surveyed metropolitan areas, only New Orleans is comparable.¹³

Housing with physical problems was more common for poor owners than poor renters. Nearly half, 47 percent, of poor homeowners in the San Antonio metropolitan area inhabited physically deficient housing, compared to 16 percent of poor homeowners nationwide. San Antonio's rate of owner-occupied housing with physical problems is the highest among the 44 metro areas in the *American Housing Survey*.¹⁴

Poor renters lived in physically deficient units in 33 percent of all cases, while the national rate was 18 percent.¹⁵ San Antonio's rate for renters was the second-highest for the surveyed metropolitan areas.

physically deficient housing: Living quarters with at least one moderate or severe physical problem, such as the lack of complete plumbing, unreliable heating, lack of electricity, exposed wiring, and maintenance problems like water leaks, holes, peeling paint, or evidence of rats.

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Poor Hispanic households in San Antonio lived in housing units with physical problems more frequently than poor Hispanic households in any other major metropolitan area.¹⁶

- 49 percent of poor Hispanic households inhabited housing that was physically deficient.
- 35 percent of poor black households lived in physically deficient housing.
- 16 percent of poor white households had housing with physical problems.

Unlike overcrowded housing, which is generally contained within the poor population, physically deficient housing also is common among non-poor households in the San Antonio area. In 1990, 16 percent of the *non-poor* households in the San Antonio metro area were physically deficient, a level just under the 17 percent rate nationally for *poor* households.

Additionally, many households had more than one problem.

- 19 percent of all households in the metropolitan area lived in unaffordable housing that was also physically deficient.
- 44 percent of overcrowded housing was also physically deficient.
- Of the units that were both overcrowded and physically deficient, 99 percent were occupied by Hispanic households.

Other household characteristics: In general, poor households contained more persons than non-poor households, although 60 percent of poor households had three or fewer persons.

- 45 percent of the poor households with more than one person were headed by single women.
- 73 percent of poor persons living alone were women.
- 64 percent of poor women living alone were elderly.
- 22 percent of elderly households were poor, as were 18 percent of non-elderly households.

Effects on different ages: Young and old residents encountered difficulties with housing.

- The number of poor households with children grew from 34,700 to 48,200 between 1986 and 1990.
- Elderly renters were a particularly vulnerable group. In 1990, 41 percent of elderly renters were poor, and 44 percent lived in unaffordable housing.

The homeless: A final characteristic of low-income housing is the lack of any housing whatsoever. While the *American Housing Survey* does not include the homeless in its calculations, information on the homeless is available from the annual report from the U.S. Conference of Mayors. In 1992 there were 8,546 homeless individuals in the city of San Antonio.¹⁷ The local homeless population included more families, em-

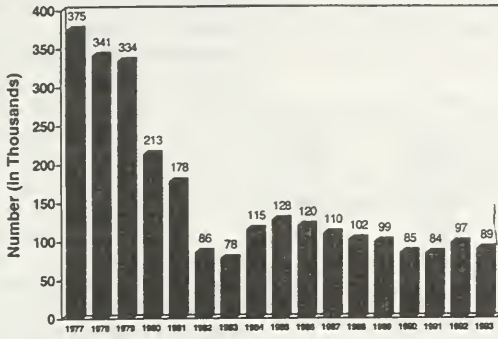
47 percent of poor homeowners inhabited physically deficient housing units, the highest rate among major metropolitan areas.

Of the units that were both overcrowded and physically deficient, 99 percent were occupied by Hispanic households.

41 percent of elderly renters were poor, and 44 percent lived in unaffordable housing.

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Figure 5: New HUD Low-Income Housing Unit Commitments, 1977-1993*



*1992 figures are preliminary. 1993 figures are estimated.

Source: 1993 Green Book.

The City of San Antonio estimates that 2,500 households formed each year could require housing assistance, but figures show that only about 750 total households were assisted in 1992.

played individuals, and mentally ill persons, and fewer single men and substance abusers than the homeless in other cities.¹⁸

Help in short supply: The decreased activity of the federal government in assisting low-income households has had severe repercussions. Between 1977 and 1980 the U.S. Department of Housing and Urban Development assisted an average of 316,000 new renter households annually. From that time, however, assistance has dropped to just 106,000 households.¹⁹ Poor households locally have felt the impact of this action.

Partly as a result of declining federal participation, the assistance that is available to poor households does not address the magnitude of the problem. In 1990, only 35 percent of poor renters in the San Antonio metropolitan area received housing assistance from any government source, and assistance for owners is practically nonexistent.

Local activity: Like many cities, San Antonio has tried to adjust to meet the growing need for low-income housing assistance. The efforts, however, do not keep pace with the number of new households that need help, much less serve those who already have housing problems. The City of San Antonio estimates that 2,500 households formed each year could require housing assistance, but figures show that only about 750 total households were assisted in 1992.²⁰

Sources of assistance: Various public, private and non-profit organizations are working to improve living conditions for poor households in San Antonio. One effort to provide housing financing is the San Antonio Housing Trust. This organization has supported the development of about 700 units for low-income households since 1990.²¹

San Antonio also spends about a third of its Community Development Block Grant (CDBG) money, which comes from the federal government, on housing. Since 1987, the city has spent \$39 million of its CDBG money on housing.²²

25,000 families on waiting list: The San Antonio area has severe shortages of Section 8 housing, subsidized rental housing in privately owned homes or apartments. The San Antonio and Bexar County housing authorities have a combined 25,000 families on their waiting lists for Section 8 housing. Families typically wait up to six years for a unit, and

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families with children have the fewest opportunities. The Housing Authority of Bexar County, for instance, has not issued a new subsidy for a three-bedroom unit since 1987.²³

The San Antonio Housing Authority also operates 62 public housing developments that contain 8,032 units. The waiting period for a unit can be as long as three to six months, depending on the family's needs.²⁴

Families neglected: Poor families in particular find housing assistance scarce. Families with children generally require more space than other households, severely limiting their options. The special needs of families are also not addressed for the homeless. In most cases a homeless family is separated—children from parents, and spouses from each other—when in an emergency shelter.

Low cash benefits: Financial assistance is also scarce in Texas. The state's Aid to Families with Dependent Children grant is \$184 a month for a family of three, just 21 percent of the poverty level and one of the lowest grants in the country.²⁵ Texas does not have a General Assistance program, and Texas is among the minority of states that do not augment the Supplemental Security Income grant for the elderly, blind, or disabled.²⁶

High tax burden: Making matters worse, the property tax burden for low-income households in the San Antonio metropolitan area is four times higher than the areawide average, and nearly seven times higher than that of the wealthiest households. A household with an income under \$5,000 spent 8.9 percent of its income on property taxes in 1990, while households with incomes over \$120,000 spent 1.3 percent. For all of Texas, low-income residents have the fourth-highest property tax burden nationwide, spending 7.4 percent of their income on property taxes.²⁷

Conclusion: In many ways a household's residence reflects its quality of life. A home that has structural problems may pose a threat to the well-being of those inside. A family that spends too much of its income on housing has an economic burden that pervades all aspects of life.

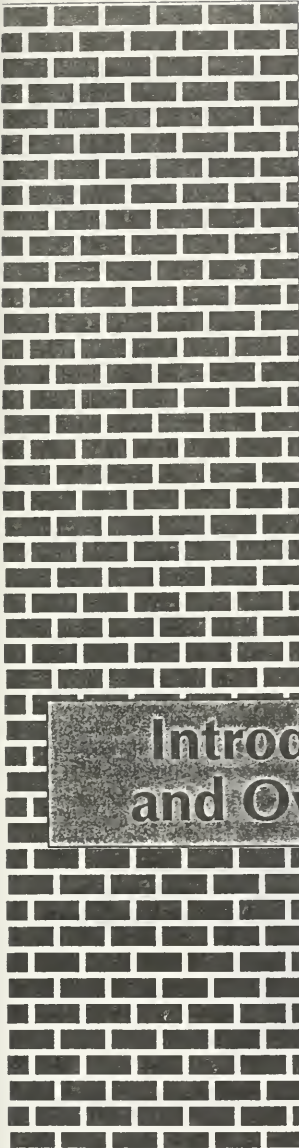
Housing affects us in other ways. An overcrowded house can lead to problems when important activities are hindered, such as when a child doesn't have sufficient space to study. Also, if one person becomes sick, the chances of the illness spreading increase in a cramped home.

Housing indicators for poor households in the San Antonio metropolitan area suggest that tens of thousands of families exist in conditions that can be described most gently as uncomfortable, and more drastically as deplorable. Such an existence affects not only the value of property, but something much more valuable. Family life for many of the poor in the metro area is adversely affected. This in turn has an impact on the entire community. To effectively address many of the problems in the San Antonio area, perhaps we should start at home. ■

25,000 families in Bexar County are on waiting lists for Section 8 housing. Families typically wait up to six years for a unit.

The Housing Authority of Bexar County has not issued a new subsidy for a three-bedroom unit since 1987.

A household with an income of less than \$5,000 spent around 8.9 percent of its income on property taxes, compared to households with incomes over \$120,000, who spent 1.3 percent.



Home ownership is a major part of the American Dream. Almost two out of every three American households own their homes.¹ For many of these families, their homes are investments that provide financial security as well as improved living conditions. Yet for the one in seven households in the United States under the poverty line, the American Dream is somewhat more difficult to define.²

Even though close to 40 percent of poor households own their homes, this rate of home ownership is significantly lower than that of non-poor households.³ Furthermore, poor households, whether owned or rented, often contain structural damage and are overcrowded.

At the root of the challenges facing poor households are low incomes that not only limit the housing options of families, but also force households to devote extremely high proportions of their income to housing. High cost burdens frequently cause households to forego basic necessities, or even place families at risk of losing their shelter when unexpected major expenses arise.

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A different American Dream: For these and other reasons, home ownership and housing in general represent something else to low-income households—a different American Dream. Many comforts derived from housing frequently elude poor households. For

example, the lack of decent housing invites health and safety hazards into the home. Households must contend with exposed wiring, holes and cracks in walls and floors, and even rodents.

Because housing affects families in several ways, an examination of low-income housing reminds one of the general economic and day-to-day problems impacting this population. So while this study focuses on housing, the information presented here provides insights into a larger picture: the economic condition of the San Antonio metropolitan area, and the pressures that a significant portion of its population must endure.

Documented problems: Recent reports have found that housing for poor households in San Antonio is more overcrowded and of significantly

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worse quality than housing for poor families in other parts of the country. This report is a continuation of previous studies based on data in the *American Housing Survey* published by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development. This study combines information from the *American Housing Survey for the San Antonio Metropolitan Area in 1986* with the corresponding report for 1990, which was released in 1992.

The data suggest that housing conditions for impoverished San Antonians did not change dramatically from 1986 to 1990. Affordable housing is in short supply for poor households, and the quality of housing available to these families remains low. In addition, more households are poor.

Consistency of data: While this study compares data from the 1986 and 1990 *American Housing Surveys*, some caution should be taken in interpreting the figures. The *American Housing Survey* is based on a sample of 3,765 households. This sample size, smaller than that analyzed in the decennial Census, increases the margin of error, especially among small subgroups like the African-American population in San Antonio.

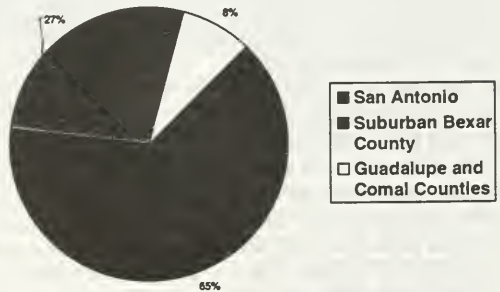
Furthermore, in other instances the *American Housing Survey* has changed its survey instrument, and responses in identical categories may not correspond. Nevertheless, at times the 1990 *American Housing Survey* indicates the continuation of trends that have been evident through several recent surveys. In other instances, the numbers have changed so dramatically and the group or subgroup to which the numbers pertain are large enough that the data reflect a genuine difference in conditions.

Readers will also note that the raw data from the *American Housing Survey* is always expressed in hundreds. The *American Housing Survey* provides the data in this manner based on its best estimates.

Area breakdown: Sixty-five percent of the population in the San Antonio metropolitan area lived in the city of San Antonio in 1990. The rest of Bexar County contained 27 percent of the population, while a total of 8 percent of area residents lived in Guadalupe and Comal counties. These proportions remain largely unchanged since 1986.

Among seven poorest cities: Most poor households were located in San Antonio, the metro area's central city. San Antonio had 70,400 poor households, which represented 24 percent of all occupied housing units in the city.⁴ Among

Figure 1: Location of Households within the San Antonio Metropolitan Area, 1990



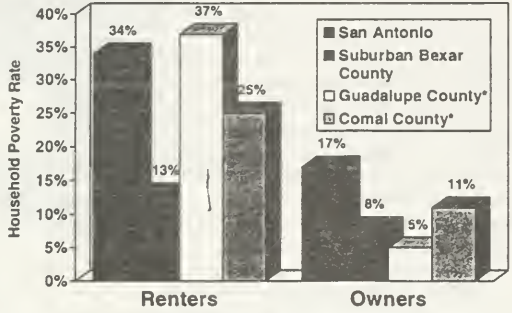
Source: *American Housing Survey for the San Antonio Metropolitan Area in 1990.*

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*Figures for Guadalupe and Comal counties are subject to relatively high margins of error because of the small sample size.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 2: Poverty among Owners and Renters in Different Regions of the San Antonio Metropolitan Area, 1990



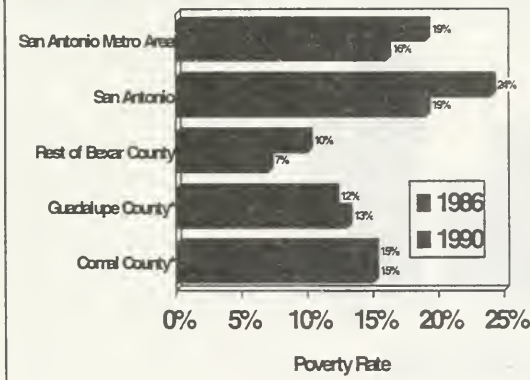
*Figures for Guadalupe and Comal counties are subject to relatively high margins of error because of the small sample size.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1986; American Housing Survey for the San Antonio Metropolitan Area in 1990.

central cities in the 44 surveyed metropolitan areas, San Antonio had the seventh-highest poverty rate.⁵ In the rest of Bexar County, 11,900 households were poor, or roughly one in 10 households in that area.

Guadalupe County had 2,500 poor households (12 percent of all occupied units), and Comal County had 2,300 poor households (15 percent).⁶ Besides having the largest poor population and the highest poverty rate in the metro area, the city of San Antonio, which had a household poverty rate of 19 percent in 1986, also had the fastest growth in the poverty rate.

Figure 3: Poverty in the San Antonio Metropolitan Area, by Jurisdiction, 1986 and 1990



Second-poorest metropolitan area: In 1990, 19 percent of the households in the San Antonio metropolitan area were poor. The household poverty rate for the San Antonio metropolitan area ranks second among the 44 major metro areas included in the local versions of the *American Housing Survey*.⁷

The 1990 household poverty rate is an increase over the 1986 figure of 16 percent. The number of poor households grew from 66,800 to 87,200 between 1986 and 1990, a 30 percent increase.

Fourteen percent of all households in the United States were poor in 1991.⁸ Poverty is defined by household income, varying accord-

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ing to the size of the household. In 1990 the poverty rate for a family of four was \$13,359.

Renters and owners poorer:

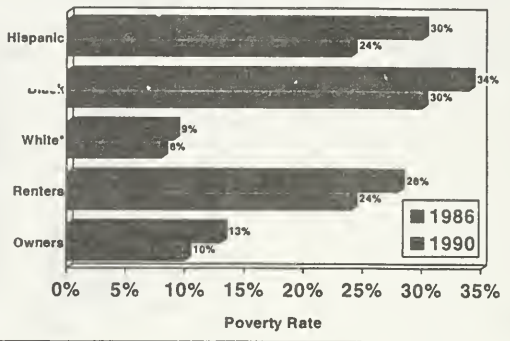
In 1990, 36,000 poor households were occupied by owners and 51,200 by renters. The poverty rate for owner-occupied units was 13 percent, compared to 28 percent for renters. In 1986, 25,000 owner-occupied households were poor, as were 41,700 households with renters. This represented a 10 percent poverty rate for owners and a 24 percent rate for renters.

All three ethnic groups had higher poverty rates in 1990 than in 1986.

- In 1990 black households had the highest poverty rate, 34 percent.
- Hispanic households also had a high poverty rate, 30 percent.
- Just 9 percent of white households were poor.

In 1986 the poverty rate for blacks was the highest in San Antonio, as in 1990, but at 30 percent. Poverty among Hispanic households was 24 percent, and among whites it was 9 percent.

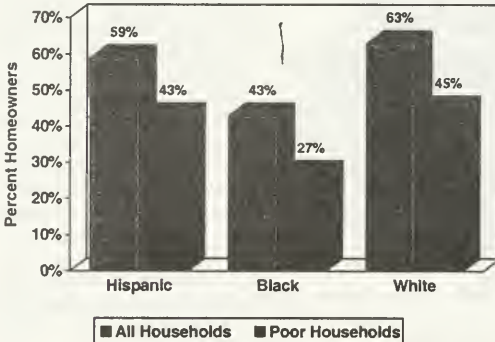
Figure 4: Poverty in the San Antonio Metropolitan Area, by Ethnicity and Housing Status, 1986 and 1990



*Non-Hispanic, non-black households.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1986; American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 5: Percentage of Households Owned in the San Antonio Metropolitan Area, by Ethnicity and Poverty Status, 1990



*Non-Hispanic, non-black households.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

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In 1990, the metropolitan area had 54,600 poor Hispanic, 21,700 poor white, 9,800 poor black households, and 1,500 poor households of other ethnic origin.

59 percent of San Antonio's Hispanic households owned their homes, much higher than the national rate of home ownership among Hispanics, 39 percent.

While the poverty rate among black households has been the highest in the last two *American Housing Surveys*, poor Hispanic households are the most numerous. In 1990, the metropolitan area had 54,600 poor Hispanic, 21,700 poor white, 9,800 poor black households, and 1,500 poor households of other ethnic origin.

Eighty-two percent of the area's poor renters lived in the city of San Antonio. The poverty rate among renters was 34 percent in San Antonio, 13 percent in the rest of Bexar County, 37 percent in Guadalupe County and 25 percent in Comal County.

Of course, determining poverty rates through a survey of households eliminates one group facing severe poverty: the homeless. As a result these figures are somewhat conservative, since the most recent estimate for the number of homeless in the city of San Antonio alone is 8,546 persons.⁹

Home ownership: The majority of *all* households in the San Antonio metropolitan area are owner households, while renters comprise most *poor* households. Sixty percent of all households in the San Antonio metropolitan area consist of owners, and 59 percent of poor households are renter households. Among all households Hispanics and whites were more likely to own their residences, but most African-Americans rented their homes. Among poor households renting was most common for blacks, 73 percent of whom were renters.

Black home ownership in the San Antonio metropolitan area followed national patterns, as 43 percent of *all* African-American households in the country consist of owners. On the other hand, 59 percent of San Antonio's Hispanic households owned their homes, much higher than the national rate of home ownership among Hispanics, 39 percent.¹⁰ ■

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Generally speaking, as a household's income rises, the percentage of its income that it spends on housing decreases. This means that poor households spend a higher percentage of their income on housing, even though their housing costs much less than that of more affluent households. The following breakdown gives an idea of burdens for poor families.

- The typical household in the San Antonio metropolitan area with an income under \$5,000 spent 56 percent of its income on housing costs in 1990.¹
- Those with incomes between \$10,000 and \$14,999 spent 28 percent of their income on housing.
- Households in the \$40,000-\$59,999 range spent 14 percent of their income on housing.
- Those with more than \$120,000 in income spent just 8 percent of their income on housing.

Unaffordable Housing

No significant change: The percentage of poor households in the San Antonio area that live in unaffordable housing barely changed between 1986 and 1990. Some 68 percent of poor households, a total of 50,800, lived in unaffordable housing in 1990, com-

pared to 69 percent in 1986. The U.S. Department of Housing and Urban Development (HUD) defines unaffordable housing as living quarters that consume more than 30 percent of a household's gross income. These costs include rent or mortgage, and utilities.

The lack of change in the percentage of households in unaffordable housing may actually indicate that housing became *less* affordable. In the 1986 survey, all housing costs for poor renters—whether paid for by the household or subsidized—were included in determining the percentage of household income spent on housing. The 1990 survey corrects this discrepancy, including only the costs actually paid by the household. This means that a family in 1986 paying 20 percent of its income for housing costs while a subsidy paid an additional 10 percent would be counted as

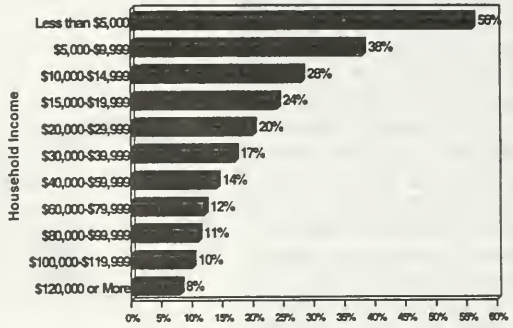
UNAFFORDABLE HOUSING

having spent 30 percent of its income on housing. For the 1990 figures, only the 20 percent actually paid by the family is considered in the calculations. If it were possible to adjust the 1986 figures so that they included only expenses incurred by the household in each unit, their housing cost burden would decrease.

Renters spend nearly half of income on housing: Even with the new definition, nearly half of poor renters spent more than half of their income on housing in 1990. The median percentage of income spent on housing was 46 percent, meaning that half of all households spent more than this percentage on housing, and half spent less. This is noticeably lower than the 53 percent median spent on housing in 1986.

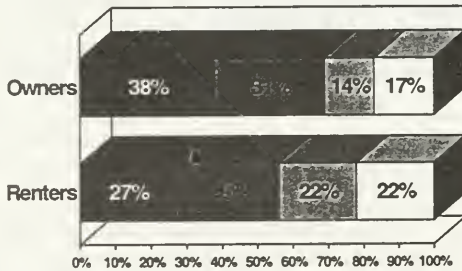
- In 1990, 22 percent of poor renters (9,400 households) spent at least 70 percent of their income on housing.²
- Another 22 percent of poor renters (9,200) spent between 50 and 69 percent of their income on housing.
- 29 percent of poor renters (12,200) spent between 30 and 49 percent of their income on housing.

Figure 1: Percentage of Income Spent on Housing, by Income, San Antonio Metropolitan Area, 1990



Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 2: Percentage of Income Spent on Housing, Poor Households, San Antonio Metropolitan Area, 1990



■ Spent Less than 30% of Income* ■ Spent 30%-49% of Income □ Spent 50%-69% of Income □ Spent 70% or More of Income

*Indicates affordable housing.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

unaffordable housing: Living quarters that consume more than 30 percent of a household's income, according to guidelines developed by the U.S. Department of Housing and Urban Development.

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73 percent of poor renters and 62 percent of poor owners lived in unaffordable housing in 1990.

Altogether, 73 percent of poor renters in the San Antonio metro area lived in unaffordable housing in 1990 as determined by HUD. This is a bit lower than the 76 percent who had unaffordable housing in 1986.

Homeowners also face burdens: For poor homeowners, the median percentage of income spent on housing in 1990 was 37 percent.

- 17 percent of poor owners (5,500 households) spent at least 70 percent of their income on housing.³
- 14 percent of poor owners (4,500) spent between 50 and 69 percent of their income on housing.
- 31 percent of poor owners (10,100) spent between 30 and 49 percent of their income on housing.
- This adds up to 20,100 poor owners who lived in unaffordable housing, 62 percent of poor owners.

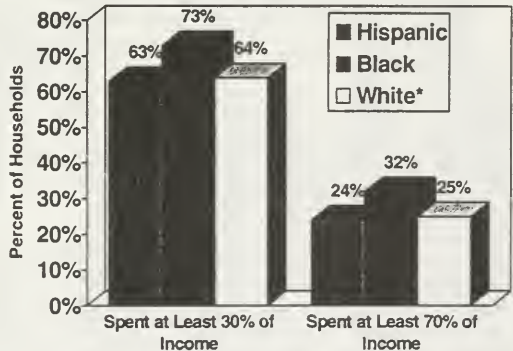
The financial situation of poor owners worsened somewhat between 1986 and 1990. During that time, the median percentage of income dedicated to housing rose from 33 percent to 37 percent. Also in 1986, just 58 percent of poor owners lived in unaffordable housing.

Costs high even without mortgages: Even though 59 percent of poor owners paid off their mortgages, housing costs remained high for many of these households. Many poor homeowners bore costs for utilities, property insurance, and property taxes. In 1990 the typical poor owner household in the San Antonio metro area spent approximately \$113 each month, or about 20 percent of their income, on electricity, property insurance, water, and property taxes each month.⁴ These ex-

*Non-Hispanic, non-black households.

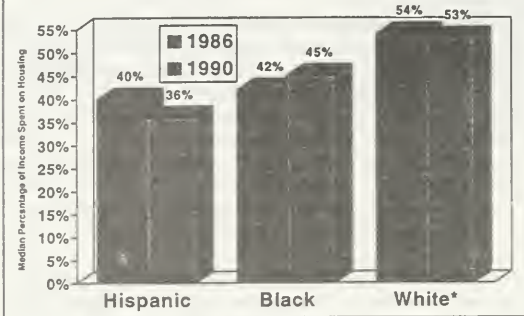
Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 3: Percentage of Income Spent on Housing, Poor Households by Ethnicity, San Antonio Metropolitan Area, 1990



UNAFFORDABLE HOUSING

Figure 4: Median Percentage of Income Spent on Housing, Poor Households by Ethnicity, San Antonio Metropolitan Area, 1986 and 1990



*Non-Hispanic, non-black households.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

penses do not include maintenance costs. The *American Housing Survey* does not specify a dollar amount for maintenance, but indicates the median poor household spent less than \$25 a month on this item.

Unaffordability affects all groups: The high cost of housing is more evenly distributed by ethnicity than other indicators of housing stress. Combining both renters and owners, the median percentage of income spent on housing in 1990 was 36 percent for poor Hispanics, 45 percent for poor blacks, and 53 percent for poor whites. In 1986 the median percentages of income spent on housing were 40 percent for poor Hispanics, 42 percent for poor blacks, and 54 percent for poor whites. Thus the median percentage of income spent on housing decreased among poor Hispanics and whites, and increased for blacks.

- For poor Hispanic households, 63 percent (29,800 households) spent more than 30 percent of their income on housing costs, and 24 percent spent more than 70 percent of their income.
- Among African-American households 73 percent (6,300) spent more than 30 percent of their income on housing, and 32 percent spent more than 70 percent.
- 64 percent of poor whites (14,700 households) dedicated more than 30 percent of their income to housing, and 25 percent spent more than 70 percent.

73 percent of poor African-American, 64 percent of poor white, and 63 percent of poor Hispanic households occupied unaffordable housing.

By this measure the white population had the most significant improvement in housing affordability. In 1986 poor whites inhabited the least affordable housing by a wide margin, with 78 percent living in unaffordable units and 39 percent spending more than 70 percent of their income on housing. This was a far greater share than poor Hispanic

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In 1990, there were 52,700 low-income renters and 37,400 occupied and vacant low-rent units in the metro area, creating a deficit of 15,300 low-rent units.

percentages of 67 percent who spent more than 30 percent of their income on housing, and 26 percent who spent more than 70 percent. Sixty-two percent of poor black households spent more than 30 percent of their income on housing, and 42 percent spent more than 70 percent in 1986.

Shortage of affordable rental units: Within the larger group of poor renter households, determined by a ratio of income to household size, are households described as "low-income" households: those with annual incomes less than \$10,000.⁵ For the past two decades the San Antonio metropolitan area has had many more low-income renters than rental units these households could afford, referred to as low-cost units, or units are those for which housing costs consume less than 30 percent of a \$10,000 income—less than \$250 a month.⁶ Between 1986 and 1990 the situation for low-income renters actually improved, however the shortage of affordable low-rent units remains severe.⁷

In 1975 there were 5,400 more low-rent units than low-income renters in the San Antonio metropolitan area.⁸ By 1982, however, the number of low-income renter households surpassed the supply of low-rent units by 8,400. The gap continued to widen, reaching a shortage of 16,900 units in 1986. In 1990 there were 52,700 low-income renters and 37,400 occupied and vacant low-rent units in the metro area, creating a deficit of 15,300 low-rent units.⁹

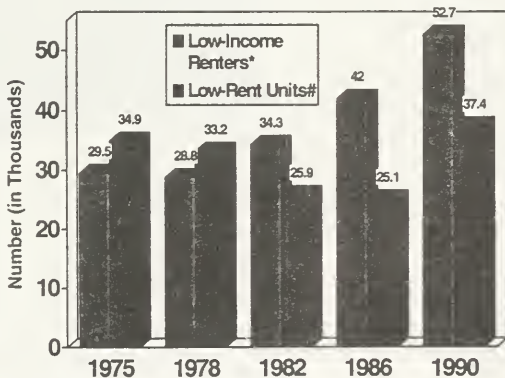
Situation probably worse: These figures, while unsettling, actually fail to reflect the severity of the affordable housing shortage. First, this comparison does not consider the condition or location of the units. Of

*Low-income renters are renter households with incomes below \$10,000 in 1990 dollars. This definition was developed for this study only and differs from the official definition used by the U.S. Department of Housing and Urban Development.

#Low-rent units are rental living quarters with housing costs of less than \$250 a month in 1990 dollars.

Source: Center on Budget and Policy Priorities; American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 5: Low-Income Renters and Low-Rent Units, San Antonio Metropolitan Area, 1975-1990



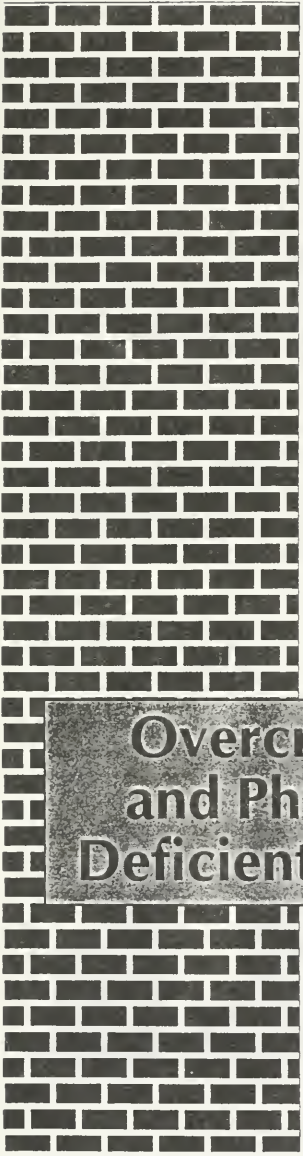
UNAFFORDABLE HOUSING

the 52,700 low-rent units, 8,600 were vacant. This is likely to be a result of the normal turnover in rental housing, and possibly also a large number of units that were boarded up or had structural damage that made the units unsafe.

Second, many low-rent units are occupied by households with incomes greater than \$10,000, making affordable housing even more scarce for those who most need it. In 1990, only 20,600 of the 28,800 occupied rental units that cost less than \$250 a month were occupied by households with incomes below \$10,000 a year. This means that only 40 percent of the low-income renters in the metropolitan area lived in low-rent units.

Finally, the apparent increase in low-rent units between 1986 and 1990 is misleading. Remember that for 1990, the *American Housing Survey* changed to distinguish between rent that the household was responsible for and rent that was paid through a subsidy. As a result, the amount of rent was overstated in previous years, causing the number of low-rent units to be underestimated. If the number of low-rent units were calculated using the new standards for rent paid, there would most likely have been more low-rent units in past years. We would still see shortages in low-rent units for 1986 and probably 1982, though perhaps not as drastic as they appear in the chart. At the same time, there would not be the growth in low-rent units for 1990, but instead a continued decline in the number of units. ■

Only 40 percent of the low-income renters in the metropolitan area lived in low-rent units.



Unaffordable housing continues to affect most of the poor households in the San Antonio metropolitan area, and is the most prevalent housing problem for San Antonio's poor. In this regard, San Antonio resembles the rest of the nation in the housing crisis for low-income families. The quality of housing, however, is noticeably worse in San Antonio than in other major metropolitan areas. This is especially true of housing for Hispanics and for poor homeowners.

Overcrowded housing increasing: San Antonio's poor live in some of the most overcrowded housing in the nation. In 1990, 18 percent of all poor households—15,500 units—were overcrowded, meaning they had more than one person per room. This is more than twice the national rate of 8 percent for poor households, and an increase from 16 percent for the area in 1986.¹ The 1990 rate is one of the four highest among the 44 surveyed metropolitan areas nationwide.²

Poor homeowners in the San Antonio metropolitan area are more noticeable for their high rates of overcrowded units. Eighteen percent of poor homeowner households were overcrowded in 1990, more than four times the national rate of 4 percent. San Antonio's rate is the highest among large metro areas.³ Poor renters lived in slightly less crowded conditions, with 17 percent of these households being overcrowded, but still well above the national rate of 10 percent.⁴

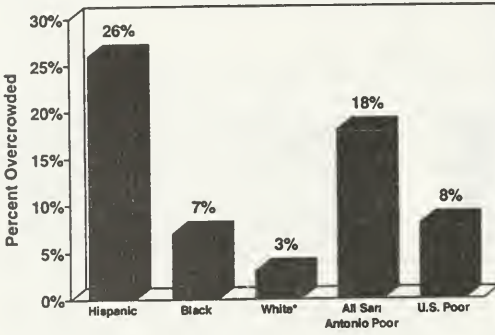
Overcrowded and Physically Deficient Housing

Overcrowded housing is very rare for non-poor households in the San Antonio metropolitan area, only 2 percent of which were overcrowded in 1990. Just 4 percent of non-poor Hispanic households were overcrowded, compared to 1 percent of non-poor black and white units.

Most common among Hispanics: As in 1986, poor Hispanic households experienced higher rates of overcrowding than the two other major ethnic groups. In fact, overcrowded housing is almost exclusively a problem for poor Hispanic households, as very few overcrowded households are African-American or white.

OVERCROWDED AND PHYSICALLY DEFICIENT HOUSING

Figure 1: Overcrowded Housing, Poor Households in the San Antonio Metropolitan Area and the U.S.



Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

26 percent of poor Hispanic households (14,100 units) were overcrowded.

- 26 percent of poor Hispanic households (14,100 units) were overcrowded in 1990, similar to the 1986 figure of 25 percent.
- Poor black households experienced the same slight increase, having an overcrowded rate of 6 percent in 1986 and 7 percent (700 households) in 1990.
- Just 3 percent of poor white households (700 units) were overcrowded, again a slight growth over the 1986 figure of 2 percent.

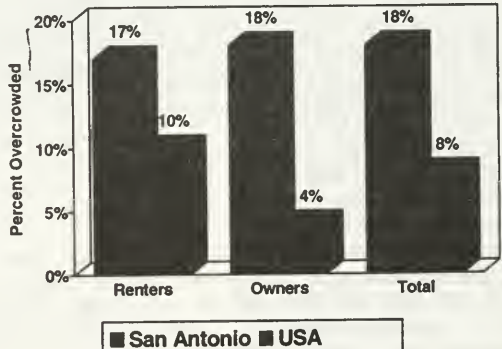
Poor Hispanic households are more overcrowded than either poor black or white households, and are more likely to contain persons outside the nuclear family.

- 38 percent—21,000 poor Hispanic households—contained relatives other than spouses or children of the householder under 18. Poor Hispanic families comprise 77 percent of the households with other relatives.
- 33 percent of poor black households had other relatives.
- Just 13 percent of poor white households had other relatives.

overcrowded housing: Living quarters containing more than one person per room.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

Figure 2: Overcrowded Housing, Poor Households in the San Antonio Metropolitan Area and the U.S., Renters vs. Owners



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One in 10 poor Hispanic households have multiple families: The *American Housing Survey* includes a category of "subfamilies" within other relatives. Subfamilies are a married couple with or without children, or one parent with at least one child under the age of 18 who has never been married. In most cases, a subfamily is a young married couple living with one of the spouse's parents. In 1990, 11 percent of poor Hispanic households contained a subfamily, a noticeable increase from

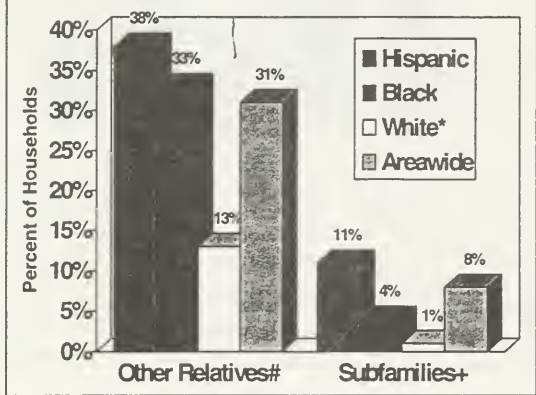
*Non-Hispanic, non-black households.

#Other relatives are persons related to the householder by blood, marriage, or adoption except a spouse or an individual's own children under the age of 18.

+Subfamilies are married couples with or without children—or one parent with one or more children under the age of 18 who has never been married—living in a households and related to the householder or the householder's spouse.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 3: Other Relatives and Subfamilies Living in Poor Households, San Antonio Metropolitan Area, 1990



the 9 percent rate in 1986. This compares to 2 percent of poor non-Hispanic households with subfamilies. From 1986 to 1990 the number of poor Hispanic households with subfamilies grew from 3,500 to 6,000. In 1990, poor Hispanic households with subfamilies represented 91 percent of all poor housing units with subfamilies.

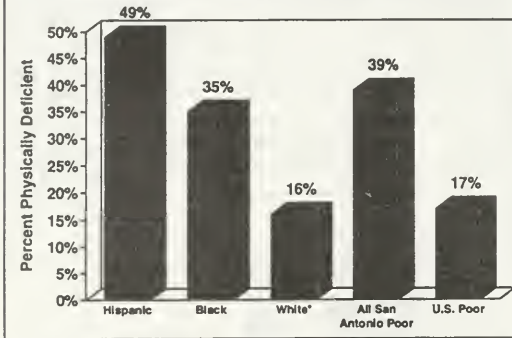
Physically deficient housing twice the national rate: Physically deficient housing—living quarters with at least one moderate or severe physical problem—is also prominent in San Antonio. Thirty-nine percent of poor households in the San Antonio metropolitan area lived in physically deficient housing in 1990, more than double the 17 percent rate for poor households nationwide.⁵ San Antonio's rate of physically deficient housing is significantly worse than that of all other metropolitan areas included in the *American Housing Survey*.⁶

The percentage of poor households with physical problems declined between 1986 and 1990, but this does not signify any genuine improvement in housing conditions as the number of poor households increased by 30 percent in that period, and the number of poor households in physically deficient housing grew from 29,700 to 34,000.

physically deficient housing: Living quarters with at least one moderate or severe physical problem, such as the lack of complete plumbing, unreliable heating, lack of electricity, exposed wiring, and maintenance problems like water leaks, holes, peeling paint, or evidence of rats.

OVERCROWDED AND PHYSICALLY DEFICIENT HOUSING

Figure 4: Physically Deficient Housing, Poor Households in the San Antonio Metropolitan Area and the U.S.



*Non-Hispanic, non-black households.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

39 percent of poor households in the San Antonio metropolitan area lived in physically deficient housing, a rate substantially worse than that of other major metro areas.

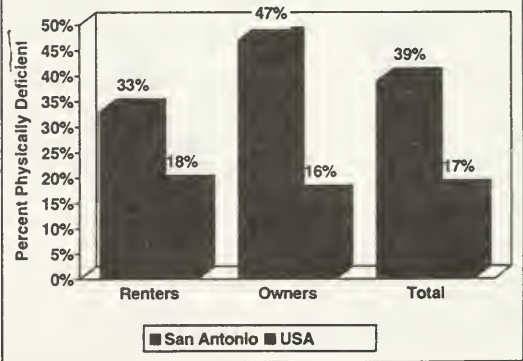
Homeowners most affected: Physically deficient housing among poor owner households in 1990 was three times more common in the San Antonio metro area than in the country as a whole. Nearly half, 47 percent (16,900 units), of poor homeowners in the metropolitan area inhabited housing with physical problems, compared to 16 percent of poor homeowners nationwide.⁷ It is likely that San Antonio has the highest rate among major metropolitan areas in the country. San Antonio's 1986 rate surpassed that of all other cities, the closest of which was Fort Worth-Arlington at 38 percent.⁸

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

Renters also endure: Renters in the San Antonio metro area were nearly twice as likely to have substandard housing as renters nationwide. Thirty-three percent of poor renters in San Antonio occupied physically deficient housing (17,100 units), compared to 18 percent of poor renters nationwide.⁹ Only New Orleans has a comparable rate of physically deficient housing for renters.¹⁰

Ethnic differences: From 1986 to 1990 all three ethnic groups experienced a decrease in housing of low quality, yet poor Hispanic and black households continued to be most affected.

Figure 5: Physically Deficient Housing, Poor Households in the San Antonio Metropolitan Area and the U.S., Renters vs. Owners

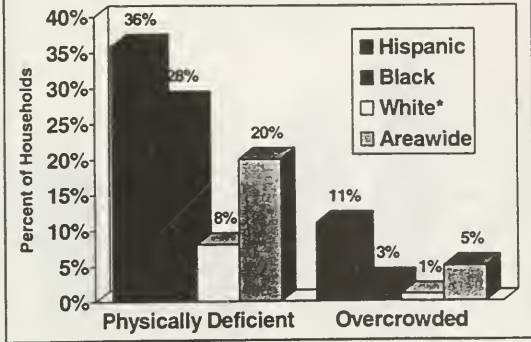


A DIFFERENT AMERICAN DREAM

*Non-Hispanic, non-black households.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 6: Housing Problems, All Households in the San Antonio Metropolitan Area, 1990



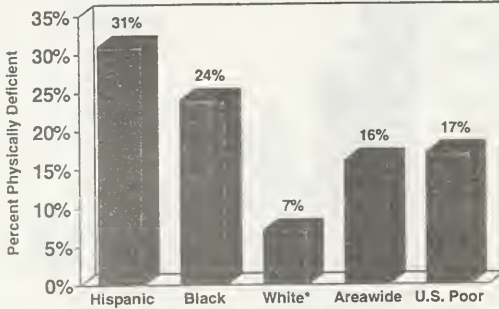
- 49 percent of housing units inhabited by poor Hispanics were physically deficient (27,000 units), compared to 57 percent in 1986. San Antonio most likely still has the highest rate of physically deficient housing for poor Hispanic households. The 1986 rate ranked first among major metro areas nationwide.¹¹
- The percentage of low-income black households inhabiting housing units with severe or moderate physical problems (3,400 units) dropped from 61 percent to 35 percent between 1986 and 1990. It is unlikely that housing conditions improved this much for African-American households in four years, but rather this change in substandard housing is probably caused by a sampling error from the small number of low-income black households in the survey (approximately 237 out of 3,765).
- Poor white households lived in much better residences than the other ethnic groups, as only 16 percent had physical problems (3,600 units). The 1986 rate for whites was 19 percent.

Problems with general housing quality in San Antonio: The San Antonio metropolitan area in general has formidable problems in housing quality. For example, despite the absence of overcrowded housing among non-poor households, the high poverty rate in the San Antonio metropolitan area causes a large proportion of *all* housing to be overcrowded.

Physically deficient housing is also common areawide, but in this case 16 percent of *non-poor* units have physical problems, just under the rate of 17 percent for *poor* households nationwide. Nevertheless, physically deficient housing affects poor households more than non-poor households. For instance, while 19 percent of households in the metropolitan area were poor, poor households accounted for:

OVERCROWDED AND PHYSICALLY DEFICIENT HOUSING

Figure 7: Physically Deficient Housing, Non-Poor Households in the San Antonio Metropolitan Area, and U.S. Poor



- 43 percent of the units with evidence of rats
- 46 percent of the units with holes in floors
- 33 percent of the units with interior cracks or holes
- 37 percent of the units with broken plaster or peeling paint
- 38 percent of the units with exposed wiring
- 39 percent of the units with rooms without electrical outlets

Physically deficient housing for non-poor households in the San Antonio metropolitan area is almost as plentiful as it is for poor households throughout the United States. Non-poor Hispanic and non-poor black households in the San Antonio metro area occupy physically deficient housing more frequently than poor households nationwide.

*Non-Hispanic, non-black households.

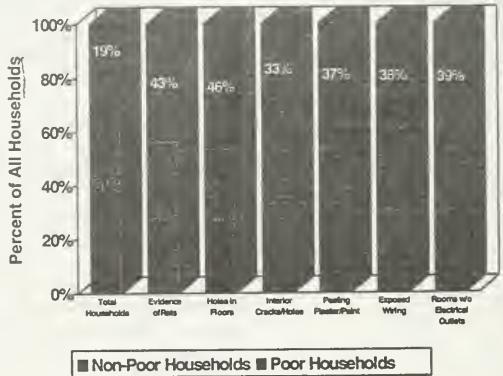
Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

Housing with multiple problems: Additionally, many households spending a large proportion of their income on housing did so for units that were physically deficient. Among all households in the metro area, 19 percent spent more than 30 percent of their income for housing with physical problems. Unfortunately, it is not possible to extract poor households from this category. But as poor households are much more likely to live in unaffordable and substandard housing, the percentage of poor households enduring the combination of these conditions is undoubtedly much higher than for non-poor households.

Further examination shows that 44 percent of overcrowded housing was also substandard. Of these units, 99 percent were occupied by Hispanic households. ■

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 8: Households with Selected Physical Problems, San Antonio Metropolitan Area, 1990



Other important factors for low-income housing include household size, the age of the residents, and the different housing profiles of regions within the metropolitan area. Poor households tend to be larger than non-poor households. Elderly households below the poverty line have unique concerns, such as isolation from living alone. Finally, the group with the greatest need is the homeless. While this group is much smaller than the others, its problems are frequently more severe than other low-income populations.

Household size: The average poor household in the San Antonio metro area included 3.24 persons, compared to 2.68 for non-poor households. Sixty percent of poor households had three persons or less.

- Poor Hispanic households contained the most persons, an average of 3.85.
- Poor black households followed with 2.65.
- Poor white households were smallest with 2.16 persons.

Other Housing Characteristics

This pattern of larger household size among poor households than among non-poor households is almost exclusively a Hispanic phenomenon. Poor black households were the same size as non-poor black households, while poor white

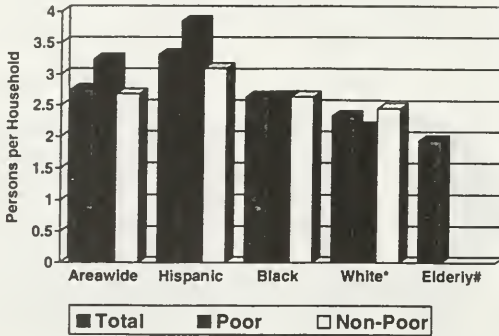
households were actually smaller than non-poor white households, which averaged 2.46.

More female-headed households: Forty-five percent of the poor households with more than one person were headed by a single woman. This group had the highest growth in actual numbers, increasing from 20,300 to 28,600 from 1986 to 1990. Seventy-three percent of poor persons living alone were women, and 64 percent of poor women living alone were elderly.

Poverty growing in households with children: The number of poor households with children increased from 34,700 to 48,200 between

OTHER HOUSING CHARACTERISTICS

Figure 1: Persons per Household, San Antonio Metropolitan Area, 1990



*Non-Hispanic, non-black households.

#The American Housing Survey does not separate poor and non-poor elderly households in this category.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

The number of poor households with children increased from 34,700 to 48,200 between 1986 and 1990.

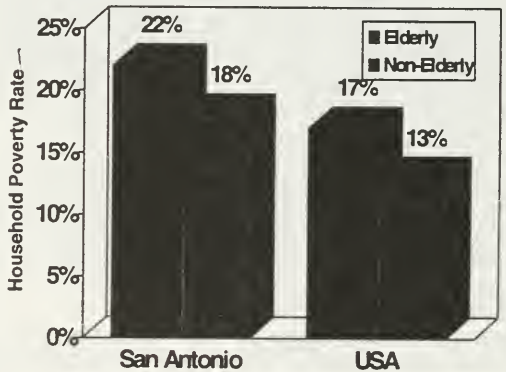
1986 and 1990. In 1990, 55 percent of poor households had at least one child under 18, compared to 52 percent in 1986.

Elderly households: In 1990, 93,000 households—20 percent of all occupied units in the metropolitan area—were headed by an elderly person, a sizable jump from the 80,700 such households in 1986.

- 22 percent of elderly households were poor, compared to 18 percent of non-elderly households.
- Highlighting San Antonio's high poverty, *non-elderly* households of the San Antonio metro area had a higher poverty level than the *elderly* nationwide, 17 percent.¹
- Non-elderly households throughout the United States had a poverty rate of 13 percent.²

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990; American Housing Survey for the United States in 1991.

Figure 2: Poverty for Elderly and Non-Elderly Households, San Antonio Metro Area and the U.S.



The poverty level for a two-person elderly household was \$8,794 in 1990. Nearly half of all elderly households in the San Antonio metropolitan area, 48 percent, lived in households with incomes less than 200 percent of the poverty level, in other words, two times the poverty level. The income of a two-person elderly household

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12,300 poor elderly households were one-person residences. Of these, 10,800 were elderly women living alone.

meeting this criteria would be no more than \$17,588. Poverty among the elderly, however, is mostly a characteristic of single households, especially for women.

- Some 12,300 poor elderly households—60 percent—were one-person residences.
- Of these, 10,800 were elderly women living alone.

While the *American Housing Survey* shows that elderly households were poorer than non-elderly households, the 1990 Census indicates that in general the elderly are relatively affluent in San Antonio. In 1989 poverty for the elderly in San Antonio was 19 percent, compared to 32 percent for children. Even working-age adults—those ages 18 to 64—had just a slightly lower poverty rate than the elderly, 18.5 percent.³ Nevertheless, the fact that 35 percent of single-resident elderly households are poor emphasizes the severe economic constraints of this group.

Home ownership among the elderly: The elderly are also more likely to own their homes than non-elderly households.

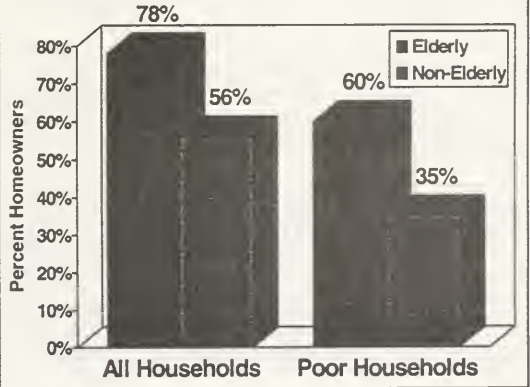
- 78 percent of all elderly households in the San Antonio metropolitan area owned their homes.
- 56 percent of non-elderly households were owners.

The difference was even more pronounced among poor households.

- 60 percent of poor elderly households were owners, compared to 35 percent of non-elderly households.
- 76 percent of elderly owners owed no mortgage on their property, compared to 29 percent of non-elderly owners.

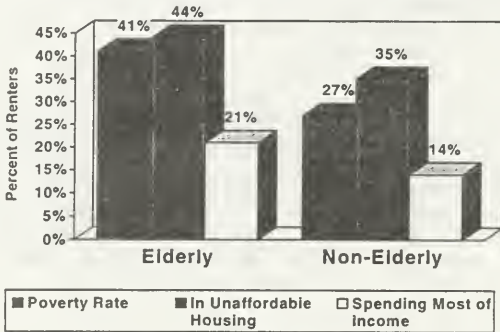
Source: *American Housing Survey for the San Antonio Metropolitan Area in 1990.*

Figure 3: Percentage of Households Occupied by Owners, San Antonio Metropolitan Area, 1990



OTHER HOUSING CHARACTERISTICS

Figure 4: Poverty and Housing Unaffordability, Elderly and Non-Elderly, San Antonio Metropolitan Area, 1990



Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Elderly renters vulnerable: Elderly renters frequently find themselves in a particularly tenuous economic situation, which contributes to hardships in housing.

- 41 percent of elderly renters were poor in 1990.
- 44 percent of elderly renters lived in unaffordable housing, compared to 35 percent of non-elderly renters.
- 21 percent of elderly renters spent at least 50 percent of their income on housing, compared to 14 percent of non-elderly renters.

Housing affordability changed little for elderly renters or owners between 1986 and 1990.

- Elderly owners spent 15 percent of their income on housing each year.
- Elderly renters spent 34 percent of their income on housing in 1990, a small rise from 32 percent in 1986.
- As the median elderly renter household spent more than 30 percent of its income on housing in both years, the typical elderly renter inhabited unaffordable housing.

41 percent of elderly renters were poor, and 44 percent lived in unaffordable housing.

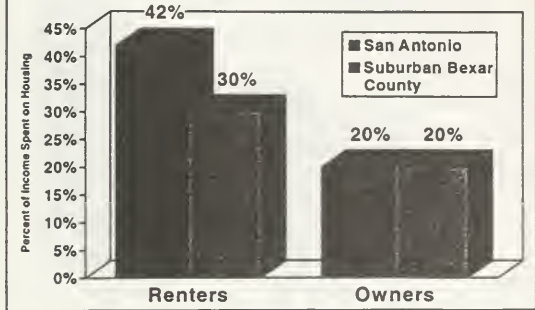
Renters in San Antonio and Bexar County: Renter households in general faced higher cost burdens in San Antonio than in Bexar County.

- In San Antonio 42 percent of all renters spent more than 30 percent of their income on housing, and 17 percent spent more than half their income on housing.
- This is higher than in suburban Bexar County, where only 30 percent of all renters spent more than 30 percent of their income on housing, and 9 percent spent more than half their income.

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Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 5: Percentage of Income Spent on Housing, All Renters and Owners in San Antonio and Suburban Bexar County, 1990



Housing costs were comparable between the two areas, but rent burdens were higher in San Antonio because incomes were much lower than in suburban Bexar County.

- The typical renter household in San Antonio had an income of \$14,771, compared to \$25,070 for the rest of Bexar County.
- The median cost for housing among renters in San Antonio was \$348 a month, while the figure for Bexar County was \$435.

Homeowners: Seventy-eight percent of poor homeowners lived in the city of San Antonio.

- Poverty among San Antonio homeowners increased from 12 percent to 17 percent between 1986 and 1990.
- Homeowners for the rest of Bexar County had a poverty rate of 8 percent, an increase from 6 percent in 1986.

Among homeowners, incomes tended to be higher in Bexar County than in San Antonio.

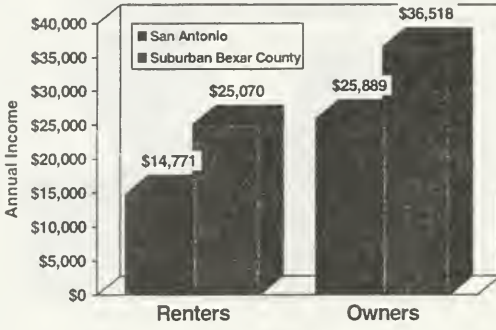
- The median income for owners in the city was \$25,889.
- The typical suburban Bexar County owner had a much higher income, \$36,518.

Housing costs for owners as a percentage of income were similar in the county and the city, as suburban owners had higher housing costs in addition to higher incomes.

- The typical homeowner in Bexar County spent \$540 on housing, compared to \$309 for city homeowners.
- As a result, 20 percent of homeowners spent more than 30 percent of their income on housing in both the city and the suburbs.

OTHER HOUSING CHARACTERISTICS

Figure 6: Annual Income, All Owners and Renters in San Antonio and Suburban Bexar County, 1990



Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

City owners had lower housing costs in part because they were more likely to have paid off their mortgage.

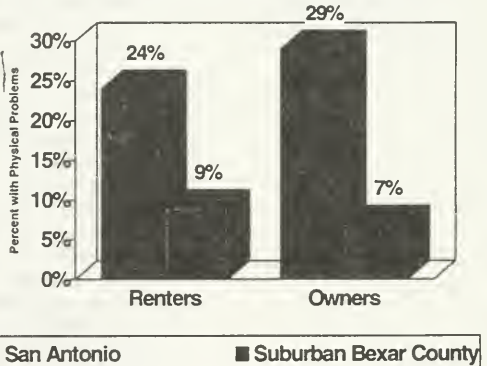
- Nearly half, 46 percent, of city owners owned their homes free and clear.
- 32 percent of suburban dwellers had paid off their mortgages.

On the other hand, the fact that more city owners owed nothing for their houses also meant that they had lived at the same place longer and that their houses were older.

- The median age for a house was 29 years in the city and 14 years in other parts of Bexar County.
- As a result, 29 percent of owner-occupied houses in the city of San Antonio had physical problems, compared to just 7 percent throughout the rest of Bexar County.
- Overcrowded houses were also more prevalent in the city, 5 percent of city houses, compared to 2 percent of suburban houses.

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

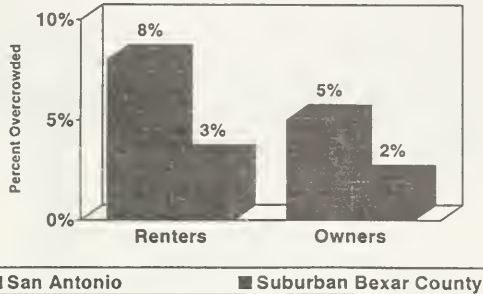
Figure 7: Percent of All Units with Physical Problems, San Antonio and Suburban Bexar County, 1990



A DIFFERENT AMERICAN DREAM

Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

Figure 8: Percent of All Households that Are Overcrowded, San Antonio and Suburban Bexar County, 1990



City renters have more problems: Like owners, renters also encountered housing of lower quality in the city than in suburban areas.

- Physical problems were found in 24 percent of city renter households, compared to 9 percent in the suburbs.
- City units were more than twice as likely to be overcrowded, 8 percent of all units, compared to 3 percent of suburban units.

*Rankings are among 29 cities, first being the highest percentage.

Source: A Status Report on Hunger and Homelessness in American Cities: 1992.

Figure 9: Demographic Characteristics of the Homeless in San Antonio, 1992

	Percentage	Rank*
Members of families	54 percent	3
Single men	29 percent	27
Single women	11 percent	12
Mentally ill	42 percent	5
Substance abusers	22 percent	24
Employed	19 percent	8
Veterans	24 percent	10

- The ethnicity of the San Antonio homeless was 44 percent Hispanic, 28 percent white, 22 percent African-American, and 6 percent other.
- Among the homeless families, 80 percent were headed by a single parent, ranking 16th.
- 65 percent of the members of homeless families were children, ranking 17th.

OTHER HOUSING CHARACTERISTICS

The homeless: As mentioned before, the *American Housing Survey* does not include the homeless in its calculations. Nevertheless, this population remains one of the most visible reminders of the low-income housing crisis.

In 1992 the homeless population in the city of San Antonio was estimated to be 8,546.⁴ The U.S. Conference of Mayors releases an annual report on the demographic profile of this population. The most recent edition, released in December 1992, found that San Antonio's homeless population included more families, employed individuals, and mentally ill persons, and fewer single men and substance abusers in comparison with the homeless in other cities.⁵ ■

The formidable factors with which poor households must contend underscore the need for housing assistance. Help is available from the public, private, and non-profit sectors, and this assistance comes from the federal, state and local levels. Nevertheless, efforts to help poor households find decent affordable housing fall far short of the true need.

Additionally, income support programs, while not directed specifically towards housing, can also improve a family's living conditions. Texas, however, has traditionally provided very little in this area, a situation that shows no sign of changing. Poor families also endure a higher tax burden in Texas than in almost any other state, further inhibiting their search for a solution to their pressing housing needs.

Declining assistance: A great deal of the declining or stagnating fortunes of poor households comes as a result of the reduced activity in housing development by the federal government. Even though it is vitally important for other groups to actively pursue the expansion of housing assistance, the federal government commands resources much greater than other sectors are able or willing to commit.

Unfortunately, assistance from the federal government to poor households has not kept pace with the growing need for housing aid. In 1977, the U.S. Department of Housing and Urban Development

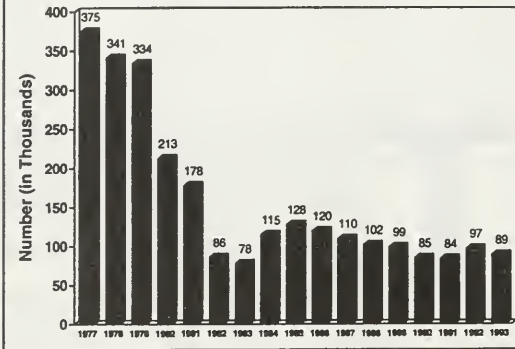
assisted 375,000 new poor renter households. By 1981, however, only 178,434 new households received assistance. This trend has continued, with an average of 105,540 new households receiving assistance since 1981, compared to an average of 315,863 from 1977 to 1980. This 67 percent decrease in assistance has had major implications for low-income renters. Had low-rent housing aid remained at the 1977-1980 level throughout the past 13 years, another 2.7 million households would have benefited.¹

Less than half receive aid in San Antonio: In 1990, 35 percent of poor renters received housing assistance from government sources. This is an increase from the 32 percent who benefited from housing subsidies

Housing Assistance

HOUSING ASSISTANCE

Figure 1: New HUD Low-Income Housing Unit Commitments, 1977-1993*



Source: 1993 Green Book.

in 1986. Very little assistance is available for owners. Between 1988 and 1990, 14,800 poor owners made major repairs to their homes. Just 200 of those owners received a low-interest loan or grant for the repairs.

Total expenditures: According to the City of San Antonio's own estimates, 2,500 households formed each year in the city could require housing assistance.² This does not include existing households plagued by affordability and housing quality problems. Yet the most recent and comprehensive accounting available says that in fiscal year 1992 only 743 households were helped in San Antonio.³

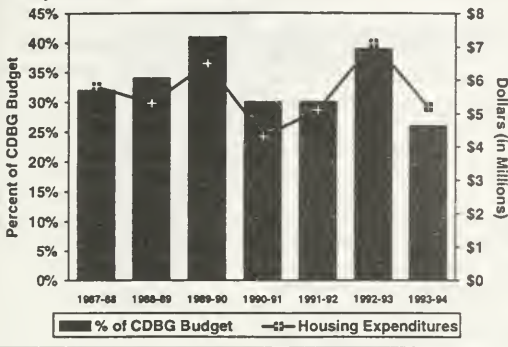
Undoubtedly, the expense of housing makes massive expenditures from local sources prohibitive. In 1992, \$55.8 million was spent on low-income housing in San Antonio. Of that, \$37.4 million came from federal sources, \$13.8 million was from the private sector, and \$4.7 million came from state and local sources, including city government and non-profit organizations.⁴

Community Development Block Grant: The City of San Antonio spends about a third of its federal money from the Community Development Block Grant (CDBG) on housing. Since 1987, the city has spent \$39 million of these federal funds on housing.⁵ Most of the activity made possible from CDBG funds is carried out by the San Antonio Development Agency and Neighborhood Housing Services.

HOME and HOPE: Two relatively new programs from HUD are HOME and HOPE (Homeownership Opportunities for People Everywhere). HOME, which is not an acronym, provides federal grants to state and local governments. This money is then used for tenant-based rental assistance or acquisition, and rehabilitation and construction of both rental

2,500 households formed each year in the city could require housing assistance, yet in 1992 only 743 households were helped in San Antonio.

Figure 2: Community Development Block Grant Expenditures on Housing, San Antonio, 1987-1994*



*1993-94 figures projected.

Source: San Antonio Department of Housing and Community Development.

25,000 families in Bexar County can expect to wait up to six years for one of the 8,500 Section 8 units in the county.

and ownership housing. In the two years of its existence, HOME has provided \$11.1 million in housing assistance in San Antonio.⁶

HOPE provides funds for tenant purchases of public housing units, combines traditional public housing with support programs for special populations, and preserves federally assisted rental units for low-income use. In fiscal 1992, HOPE provided \$295,000 in assistance.⁷

San Antonio Housing Trust: Partly because of the withdrawal of the federal government, local groups have tried to compensate for the lack of available housing assistance.

In 1988 the City of San Antonio established the San Antonio Housing Trust with revenues from the sale of the local cable television company. Since 1990 the Housing Trust has participated in the development of 706 units for low-income households in San Antonio. The Housing Trust has spent \$2.9 million on these projects, and has leveraged \$8 million from other public sources and \$16 million from the private sector.⁸

San Antonio Housing Authority: The primary provider of assistance for renters in the metropolitan area is the San Antonio Housing Authority, which serves low-income renters in San Antonio. The housing authority assists about 15,000 households, but its waiting list is much larger. In August 1993, some 24,181 families were on the waiting list for the Section 8 housing program of the San Antonio Housing Authority. Section 8 housing is subsidized housing integrated into neighborhoods outside of public housing developments. Figures from a month earlier accentuate the rapid growth in families seeking this type of housing. In July, 20,717 families awaited Section 8 housing.⁹ The housing authority administers only about 7,000 Section 8 units. A family can expect to wait between five and six years for a Section 8 unit.¹⁰

The San Antonio Housing Authority also manages about 8,032 conventional housing units, which are located in multi-family public housing developments. Typically between 2,000 and 3,000 families are on the waiting list for this type of housing, and they can expect to wait three to six months before being placed, depending on the situation of the family.¹¹ A report by the City of San Antonio said in 1992 the San Antonio Housing Authority had 1,262 very low-income households on its conventional unit waiting list.¹²

Besides their unavailability, units in public housing developments are also in need of repair. It has been estimated that more than \$145 million

HOUSING ASSISTANCE

would be needed to modernize and rehabilitate the public housing inventory in San Antonio.¹³

Housing Authority of Bexar County: Another housing provider in the San Antonio metropolitan area is the Housing Authority of Bexar County, which administers 1,500 Section 8 units in Bexar County outside of the city limits. As in San Antonio, Section 8 housing is in short supply, with 1,000 families on the waiting list, resulting in a wait of one to five years. The Housing Authority of Bexar County has not issued new subsidies for three-bedroom units since 1987.¹⁴

Families face barriers: Housing in public housing developments and in Section 8 units is less available for families with children than for smaller households. In all instances families that need more than two bedrooms encounter waiting periods typically six months to several years in duration.

Homeless families with children face the same barriers, as almost all emergency shelters separate children from their parents and spouses from each other. Therefore, while most poor households have needs of some type, the special needs of families are most neglected.

Borrowing opportunities: Financial institutions have a large role to play in enabling poor households to own homes. San Antonio has more than 100 banks, credit unions, and savings and loans, most of which lend money for mortgages and other housing related expenses. Recording all lending activity by these institutions would be time-consuming, but bank participation can be represented in an extremely limited fashion through an examination of the lending records of some of San Antonio's larger banks.

In 1992 five banks received 96 applications for loans totaling \$2.2 million from households with incomes under 80 percent of the median income for the metropolitan area. Of those requests, 54 were accepted, representing \$953,000 in loans.¹⁵

Federal Home Loan Bank: Since 1990, about \$24.8 million has been spent in Arkansas, Louisiana, Mississippi, New Mexico, and Texas through the Federal Home Loan Bank (FHLB). Through October 1992 the FHLB had funded the development of 3,360 rental and 3,421 throughout the five-state area.¹⁶

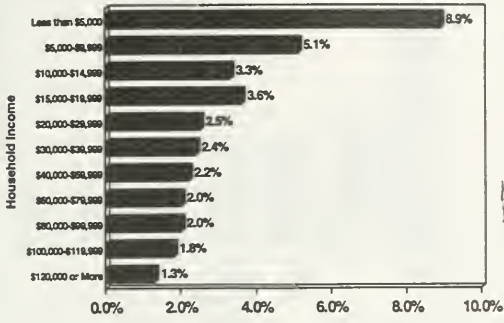
Cash benefits meager in Texas: Thousands of poor families have little access to the banking system because of their lack of income and financial resources. For some households cash benefits may provide the majority of income. Texas, however, has some of the lowest cash benefits in the country. For instance, Aid to Families with Dependent Children (AFDC) pays a maximum of \$184 a month for a family of three. This amount of money, which has not changed since 1986, represented 21

It has been estimated that more than \$145 million would be needed to modernize and rehabilitate the public housing inventory in San Antonio.

In all situations involving housing, families with children have the fewest options.

The Housing Authority of Bexar County has not issued new subsidies for three-bedroom units since 1987.

Figure 3: Percent of Income Spent on Property Taxes, by Household Income, San Antonio Metropolitan Area, 1990



Source: American Housing Survey for the San Antonio Metropolitan Area in 1990.

The typical owner household in the San Antonio metropolitan area with an income under \$5,000 spent 8.9 percent of its income on property taxes in 1990.

This tax burden is more than four times the overall rate for the metropolitan area, and nearly seven times the burden experienced by households with incomes over \$120,000.

percent of the federal poverty line in 1990.¹⁷

The other major cash assistance program in Texas is Supplemental Security Income (SSI), available to poor persons who are elderly, blind, or disabled. The basic SSI grant is provided by the federal government, but fell 26 percent below the poverty level in 1990. Many states thus choose to augment the SSI grant, however Texas is not among them. The maximum SSI grant that an elderly person living alone in Texas could receive in 1990 was \$386.¹⁸ The median housing costs for an elderly renter in the San Antonio metropolitan area in 1990 was

\$306, and for a poor renter the typical cost was \$276. This means that the typical housing costs for an elderly renter would consume 79 percent of an SSI recipient's grant, and the housing costs of the typical poor renter would take 72 percent of this income.

Tax burdens: While not commonly viewed as a form of governmental assistance, taxation is certainly government activity with which we are all familiar. As any homeowner would readily say, taxes are one pitfall of having a home. In fact Citizens for Tax Justice, a tax analysis organization in Washington, D.C., says that polls regularly find the property tax to be the most unpopular tax.¹⁹

In the San Antonio metropolitan area, poor owners are the most justified in complaining about property taxes, as they have the highest property tax burden of all homeowners. The *American Housing Survey* does not specify the percentage of income that a household pays in taxes, but the survey's data can be used in calculations to give fairly good approximations of tax burdens.

The typical owner household in the San Antonio metropolitan area with an income under \$5,000 spent 8.9 percent of its income on property taxes in 1990. This tax burden is more than four times the overall rate for the metropolitan area, 2 percent, and nearly seven times the burden experienced by households with incomes over \$120,000, who pay only 1.3 percent of their income in property taxes.

San Antonio's low-income owners are hurt by regressive property taxes throughout Texas that in 1991 took 7.6 percent of the income of the poorest fifth of all Texans. This level of taxation was far above the property tax burden of any other income group in Texas, including the richest 1 percent of families, who paid just 1.5 percent of their income on property taxes.²⁰ This tax rate is above the national average of 5.4

HOUSING ASSISTANCE

percent for low-income families, and is the fourth-highest among the 50 states and the District of Columbia.²¹

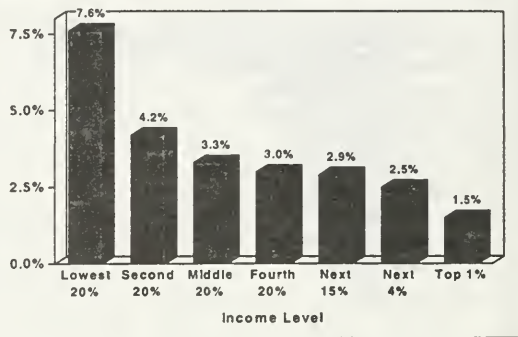
Tax relief insufficient: Most states have measures to protect low-income households from paying a disproportionate share of their income on state and local taxes. One method of increasing tax equity is through circuit breakers, where low-income households receive a rebate if their property taxes are too high in relation to their income. A few states have enacted other programs to protect renters from property taxes, which are passed on by landlords when determining rents. Texas is among 21 states without circuit breakers, and the state has no credit for renters.²²

Texas does have, however, a homestead exemption, which exempts \$5,000 in property value for all homes from taxation. This exemption enables households to save a few dollars, depending on the jurisdiction in which a house is located and the entities with taxing authority on that property.

For instance, homeowners in the San Antonio Independent School District, one of 12 locally run districts in Bexar County, can expect to save about \$75 annually through the homestead exemption. An owner of a house of median value in the district, \$38,403, will pay a total of \$506 in taxes. This represents the district's tax rate of 1.5134 percent on the taxable value of the house, \$33,403. Owners who are disabled and elderly can receive additional exemptions of \$18,000, enabling them to save more, a maximum of \$272 annually in taxes, or \$23 a month.²³ Schools are among several property taxing entities, which include cities, hospital and community college districts, and others.

Despite the homestead exemption, poor owners throughout Texas pay property taxes that they cannot afford. As long as property taxes remain a major source of public revenue, this situation will continue. This suggests a need for tax reform in Texas, but that is a topic for another paper. ■

Figure 4: Percent of Income Spent on Property Taxes, by Household Income, Texas, 1991



Source: *A Far Cry From Fair: CTJ's Guide to State Tax Reform.*

In 1991 property taxes in Texas took 7.6 percent of the income of the poorest fifth of all Texans. This was the fourth-highest level nationally.

A home provides more than shelter. The normal expectation among Americans is that a home should be a place to strengthen family values, nurture children, socialize, relax, study, or sleep. In short, we expect our homes to be the central location of many of our most important and private moments, and as such housing is a significant factor in all of our lives.

Time to act: As this report vividly states, housing for many poor families performs few of these functions. The pressures affecting poor households reach past the walls, floors, and ceilings of their homes. Overcrowded housing reduces privacy, and makes many activities difficult if not impossible. We hope that our children study so that they will succeed in school and later in the work place. When a child heads to a crowded home after the school day, however, that child may not be able to study effectively.

The lack of plumbing can trigger problems with hygiene that can cause illness. Other health hazards include heating and cooling systems that have not operated either through the breakdown of equipment or the failure to pay a utility bill, and rodent infestation. Exposed wiring, holes and cracks in the walls and floors, and peeling paint can cause tragic consequences for those in the home.

Conclusion and Recommendations

For instance, overcrowded housing has been associated with tuberculosis, an airborne disease transmitted by breathing. Crowded conditions help tuberculosis spread, as it recently has in San Antonio and in other places throughout the United States.

Inadequate housing is a pressing social issue that demands immediate attention and action. Low-income housing requires a commitment from government, financial institutions, developers, and neighborhood associations. Placing such urgency and priority on low-income housing is the first step to substantially improving the lives of those who regularly endure stresses as a result of their housing situation. More specific recommendations follow.

CONCLUSION AND RECOMMENDATIONS

Establish and follow substantive housing policies for the city of San Antonio and other regions of the metropolitan area. Without a clear strategy for addressing housing problems, a strong commitment to improve the situation, and an understanding of the magnitude of the challenges that low-income housing deficiencies present, the situation of poor households will not change. All efforts to improve conditions for poor families, whether consolidation of housing service providers or decentralization of activity, will be hampered unless this fundamental realization occurs.

Greatly increase the supply of affordable rental housing through an expansion of the Section 8 program. Unaffordable housing is the primary financial threat that poor households face. Section 8 rental assistance addresses that problem, but the current supply of units is grossly inadequate. The severe shortage in Section 8 housing in San Antonio follows the national pattern. Currently only about one in four eligible families in the city have access to Section 8 housing, and many of them will wait years before getting a unit.

Making Section 8 housing available to all families with incomes below the median area income and in unaffordable housing would guarantee affordable housing to those who most need it, a much different situation than what currently exists. Additionally, increasing Section 8 housing and dispersing it to all parts of the metropolitan area would provide an escape from poverty for many families. Research has shown that integrating low-income families in stable neighborhoods greatly enhances their chances of success in work and school, and effectively reduces reliance on public assistance.

Redefine the fair market rent as established by the federal government to reflect the realities of the San Antonio market. This is especially important now, as apartment occupancy has increased dramatically in San Antonio in recent years, and rental rates show no sign of slowing their upward shift.

Fair market rent is the rental rate that landlords receive when they participate in the Section 8 program. Because San Antonio and nearby rural counties are combined in determining fair market rent for the city, the rent that local landlords can charge is significantly lower than the going rate for rental properties. Basing fair market rent on the rates for San Antonio instead of a regional standard would increase the subsidy HUD provides to landlords. This would offer greater incentive to those with rental properties to participate in Section 8, resulting in more units for families.

Encourage the expansion and increase financial support for HUD's Family Self-Sufficiency Program. Family Self-Sufficiency is a new initiative that strives to refocus public housing onto its original purpose: providing transitional housing. This program combines support

The benefits of Section 8 housing include the availability of affordable housing and the increased probability that an impoverished family will be able to escape poverty.

Basing fair market rent on the rates for San Antonio instead of a regional standard would offer greater incentive to those with rental properties to participate in Section 8, resulting in more units for families.

A DIFFERENT AMERICAN DREAM

services and training with traditional public housing to lead families to self-sufficiency. Such initiatives that seek to end poverty through commitment and sacrifice from participants should have high priority.

In 1932, the Texas homestead tax exemption was worth about \$28,000 in 1992 dollars.

Increase the number of home ownership incentive programs. Several banks offer creative ways to enable low- and moderate-income families to purchase homes. These methods include waiving fees associated with home purchases and underwriting loans. Such efforts from financial institutions are vital to increasing home ownership.

Provide one-year tax abatements to low-income homeowners who increase the taxable value of their property through home improvements. This might reduce the stock of physically deficient housing among owners. Poor owners are inhibited from improving the quality of their residence because in doing so they would incur construction expenses and additional taxes. If owners of homes not exceeding a certain value—perhaps \$30,000—would not have to pay taxes on the added value of their home until one year following the completion of the improvement made to their residence, owners would be more able to enhance the physical quality of their home.

Devote more Community Development Block Grant (CDBG) resources to housing. The largest source of funds for housing construction and rehabilitation is CDBG, however only a third of all CDBG money goes to housing. Placing a higher emphasis on housing would benefit hundreds of families annually.

Partnerships between non-profit and private organizations to operate low-income rental housing would increase the supply of low-income housing and provide tax breaks to businesses.

Increase the homestead exemption from \$5,000 to a level that would more effectively protect poor homeowners from regressive property taxes. When Texas became a state in 1845, it established the homestead exemption, becoming the first state to formally exclude property from taxation. Since then, Texas has slowly lost its position as a leader in property tax progressiveness, as the exemption has not increased substantially in several decades and rising home values have diminished the importance of the exemption. In 1932, the exemption was worth about \$28,000 in 1992 dollars. A more equitable exemption for the present would be between \$25,000 and \$30,000, a level comparable with what some other states offer. Such a policy move would protect many poor owners, especially those with fixed incomes, who could face the threat of tax foreclosure on their property.

Enable non-profit organizations to develop partnerships with the private sector to establish and operate low-income rental housing. Presently there are projects that benefit from non-profit/for-profit participation, such as the construction of units through San Antonio Housing Trust. Nevertheless, few arrangements exist whereby non-profit and private interests jointly manage completed rental properties.

CONCLUSION AND RECOMMENDATIONS

Such a strategy, already pursued in other states, combines the primary concerns of both types of organizations. Non-profit groups can provide housing for low-income households, and businesses enjoy tax breaks.

Eliminate the myths surrounding low-income housing and homelessness in order to effectively deal with these issues. Most poor households do not receive housing assistance of any kind. The majority of homeless persons in San Antonio are members of families. The fastest-growing segment of the homeless population is children. Many homeless persons work. Understanding these and other realities will benefit any measures taken to improve the conditions outlined in this report.

Provide emergency housing to strengthen family cohesiveness for those that suddenly find themselves without shelter. San Antonio, like almost every city, does not have emergency housing units that meet the special needs of families. This is especially relevant in San Antonio, given the characteristics of the city's homeless population. Too often a family can find itself homeless as a result of a sudden loss of employment. These families may be homeless for a short time, and need to remain together in this traumatic period. In this situation, however, homeless shelters frequently separate children from parents, and spouses are separated from each other as well.

Emergency housing addressing this issue would enable families to stay together. The most plausible way that this would happen would be to purchase vacant housing that still exists in San Antonio. The emergency family housing could be managed by a governmental or non-profit group.

The future: While the problems described in this report and addressed in these recommendations have many effects, they have two related causes: low incomes and poverty. As a result, a home reflects the financial condition of a family, and on a larger scale, the economic climate of the surrounding area. So while it is crucial to address the housing needs of low-income households, it is also important to examine the economic opportunities, or lack thereof, that would enable families to earn the income that will allow them to occupy and maintain affordable and decent homes.

At the same time, the conditions under which a substantial proportion of households in the San Antonio metropolitan area live suggest that waiting to improve low-income housing following a period of economic growth would not be sufficient. Structural deficiencies in the San Antonio economy will require decades of commitment and a higher priority placed on human development. The complexity of low-income housing and the expense required to remedy the situation require that any meaningful intervention consist of adequate resources applied in a thoughtful manner. Without promptly taking such action, the situation will not improve and promises to get worse. ■

San Antonio, like almost every city, does not have emergency housing units that meet the special needs of families.

The conditions under which a substantial proportion of households in the San Antonio metropolitan area live suggest that waiting to improve low-income housing following a period of economic growth would not be sufficient.

A DIFFERENT AMERICAN DREAM

Surveyed Metropolitan Areas and Cities

American Housing Survey

The 44 metropolitan areas listed below are surveyed individually every four years, and the data are later released in American Housing Surveys for these particular areas.

Surveyed in 1989

Boston
Dallas
Detroit
Fort Worth-Arlington
Los Angeles County
Minneapolis-St. Paul
Philadelphia
Phoenix
San Francisco-Oakland
Tampa-St. Petersburg
Washington, D.C.

Surveyed in 1991

Atlanta
Baltimore
Chicago
Columbus
Hartford
Houston
New York-Nassau-Suffolk
Northern New Jersey
St. Louis
San Diego
Seattle-Tacoma

Surveyed in 1990

Cincinnati
Denver
Kansas City
Miami-Ft. Lauderdale
New Orleans
Orange County
Pittsburgh
Portland
Riverside-San Bernardino
Rochester
San Antonio

Surveyed in 1992*

Birmingham
Buffalo
Cleveland
Indianapolis
Memphis
Milwaukee
Norfolk-Virginia Beach
Oklahoma City
Providence
Salt Lake City
San Jose

*Data not yet published.

SURVEYED METROPOLITAN AREAS AND CITIES**U.S. Conference of Mayors**

Each year the U.S. Conference of Mayors surveys selected cities for its report on hunger and homelessness, which is usually released in December. The 29 cities analyzed in the 1992 report are listed below.

Alexandria	New Orleans
Boston	New York City
Charleston	Norfolk
Charlotte	Philadelphia
Chicago	Phoenix
Cleveland	Portland
Denver	Saint Paul
Detroit	Salt Lake City
Hartford	San Antonio
Kansas City	San Diego
Los Angeles	San Francisco
Louisville	Santa Monica
Miami	Seattle
Minneapolis	Trenton
Nashville	

Glossary

housing costs: For owner-occupied units, housing costs include monthly payments for all mortgages, or installment loans or contracts, real estate taxes, property insurance, homeowners association fee, mobile home park fee, land rent, utilities, fuels, and garbage and trash collection.

For renter-occupied units, monthly housing costs include the contract rent plus the estimated average monthly cost of utilities and fuels, property insurance, mobile home rent, and garbage and trash collection if these costs are the responsibility of the renter.

housing unit: A house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters.

household: All persons who occupy a housing unit. By definition, the count of households is the same as the count of occupied housing units.

income: The sum of the amounts reported for wage and salary income, interest or dividends, Social Security or railroad retirement income, public assistance or welfare payments, alimony or child support, and all other money income. The figure represents the amount of income received before deductions including personal income taxes, Social Security, union dues, bond purchases, health insurance premiums, and Medicare.

low-income renters: Renter households with an income below \$10,000 in 1990 dollars. This definition was developed for this study only and differs from the official definition used by the U.S. Department of Housing and Urban Development.

low-rent units: Rental living quarters with housing costs of less than \$250 a month in 1990 dollars.

other relative: All persons related to the householder by blood, marriage, or adoption except a spouse or an individual's own children under the age of 18.

overcrowded housing: Living quarters containing more than one person per room.

physically deficient housing: Living quarters with at least one moderate or severe physical problem, such as the lack of complete plumbing, unreliable heating, lack of electricity, exposed wiring, and maintenance problems like water leaks, holes, peeling paint, or evidence of rats.

GLOSSARY

poverty: Officially, families and unrelated individuals are classified as being above or below the poverty level using the poverty index originated at the Social Security Administration and revised twice since then. The poverty index is based solely on money income and does not reflect that many low-income persons receive non-cash benefits like food stamps, Medicaid, and public housing. The index is higher for large households, and is adjusted annually for inflation.

Questions concerning income are not as detailed in the *American Housing Survey* as they are in other studies by the U.S. Bureau of the Census. In addition, poverty is defined differently in the *American Housing Survey*. As a result, poverty figures in the *American housing Survey* are generally lower than official estimates.

1990 Poverty Thresholds

Household Size	Income
1	\$6,652
2	8,509
3	10,419
4	13,359
5	15,792
6	17,839
7	20,241
8	22,582
9	26,848

San Antonio metropolitan area: In 1990 the San Antonio metropolitan area included all of Bexar, Guadalupe, and Comal counties.

subfamily: A married couple with or without children—or one parent with one or more children under the age of 18 who has never been married—living in a household and related to the householder or the householder's spouse.

unaffordable housing: Living quarters that consume more than 30 percent of a household's income, according to guidelines developed by the U.S. Department of Housing and Urban Development.

Statistical Profiles

San Antonio Metropolitan Area (numbers in thousands)

Households	455.8	%
Owners	274.4	60 percent
Renters	180.8	40 percent

Location of All Households		%
San Antonio	293.1	65 percent
Balance of Bexar County	124.3	27 percent
Guadalupe County*	22.0	5 percent
Comal County*	15.8	3 percent

Ethnicity of All Households		%
White	238.6	52 percent
Hispanic	180.5	40 percent
Black	28.8	6 percent
Other	7.2	2 percent

Poor Households	87.2	(19 percent poverty rate)
Owners	36.0	(13 percent poverty rate)
Renters	51.2	(28 percent poverty rate)

Location of Poor Households		
San Antonio	70.4	(24 percent poverty rate)
Balance of Bexar County	11.9	(10 percent poverty rate)
Guadalupe County*	2.5	(11 percent poverty rate)
Comal County*	2.3	(15 percent poverty rate)

Characteristics of Poor Households		
Unaffordable	50.8	(68 percent of poor households)
Owners	20.1	(62 percent of poor owners)
Renters	30.8	(72 percent of poor renters)
Overcrowded	15.5	(18 percent of poor households)
Owners	6.6	(18 percent of poor owners)
Renters	8.9	(17 percent of poor renters)
Physically deficient	34.0	(39 percent of poor households)
Owners	16.9	(47 percent of poor owners)
Renters	17.1	(33 percent of poor renters)

*Guadalupe and Comal county samples are subject to high margins of error, and are included only to provide a general view of housing.

STATISTICAL PROFILES

Hispanic Households

(numbers in thousands)

Households	182.1	%
Owners	107.7	59 percent
Renters	74.4	41 percent

Location of All Households		%
San Antonio	149.1	82 percent
Balance of Bexar County	26.8	15 percent
Guadalupe County*	2.9	2 percent
Comal County*	3.3	2 percent

Poor Households	54.6	(30 percent poverty rate)
Owners	23.7	(22 percent poverty rate)
Renters	30.8	(41 percent poverty rate)

Characteristics of Poor Households

Unaffordable	29.8	(63 percent of poor households)
Median percent of income spent on housing: 36 percent		
Overcrowded	14.1	(26 percent of poor households)
With other relatives	21.0	(38 percent of poor households)
With subfamilies	6.0	(11 percent of poor households)
Physically deficient	27.0	(49 percent of poor households)

*Guadalupe and Comal county samples are subject to high margins of error, and are included only to provide a general view of housing.

Housing Assistance

(numbers in thousands)

Renters
 Poor renter households receiving subsidy
 17.9 (35 percent of poor renters)

Owners
 Poor Owner-Occupied Units with Major Repairs
 during the Past Two Years
 14.8 (41 percent of poor owners)

Poor Owners Who Received a Low-Interest Loan or Grant
 towards the Costs of Major Repairs in the Past Two Years
 .2 (1 percent of poor owners with major repairs)

A DIFFERENT AMERICAN DREAM

Black Households

(numbers in thousands)

Households	28.8	%
Owners	12.4	43 percent
Renters	16.4	57 percent

Location of All Households		%
San Antonio	22.9	80 percent
Balance of Bexar County	4.8	17 percent
Guadalupe County*	.9	3 percent
Comal County*	.2	—

Poor Households	9.8	(34 percent poverty rate)
Owners	2.6	(212 percent poverty rate)
Renters	7.1	(43 percent poverty rate)

Characteristics of Poor Households

Unaffordable	6.3	(73 percent of poor households)
Median percent of income spent on housing: 45 percent		
Overcrowded	.7	(7 percent of poor households)
With other relatives	3.2	(33 percent of poor households)
With subfamilies	.4	(4 percent of poor households)
Physically deficient	3.4	(35 percent of poor households)

Elderly Households

(numbers in thousands)

Households	93.0	%
Owners	73.0	78 percent
Renters	20.0	22 percent

Location of All Households		%
San Antonio	118.3	69 percent
Balance of Bexar County	90.2	20 percent
Guadalupe County*	18.0	5 percent
Comal County*	12.1	6 percent

Poor Households	20.5	(22 percent poverty rate)
Owners	12.4	(17 percent poverty rate)
Renters	8.2	(41 percent poverty rate)

*Guadalupe and Comal county samples are subject to high margins of error, and are included only to provide a general view of housing.

STATISTICAL PROFILES

White Households

(numbers in thousands)

Households	238.6	%
Owners	151.4	63 percent
Renters	87.2	37 percent

Location of All Households		%
San Antonio	118.3	50 percent
Balance of Bexar County	90.2	38 percent
Guadalupe County*	18.0	7 percent
Comal County*	12.1	5 percent

Poor Households	21.7	(9 percent poverty rate)
Owners ¹	9.7	(6 percent poverty rate)
Renters ¹	13.3	(15 percent poverty rate)

Characteristics of Poor Households¹

Unaffordable	14.7	(64 percent of poor households)
Median percent of income spent on housing: 53 percent		
Overcrowded	.7	(3 percent of poor households)
With other relatives	3.0	(13 percent of poor households)
With subfamilies	.2	(1 percent of poor households)
Physically deficient	3.6	(16 percent of poor households)

¹Includes 1,500 poor households of other ethnicity.

Other Households

(numbers in thousands)

Households	7.2	%
Owners	3.5	49 percent
Renters	3.7	51 percent

Location of All Households		%
San Antonio	4.2	58 percent
Balance of Bexar County	2.6	36 percent
Guadalupe County*	.2	3 percent
Comal County*	.2	3 percent

Poor Households	1.5	(21 percent poverty rate)
------------------------	------------	----------------------------------

*Guadalupe and Comal county samples are subject to high margins of error, and are included only to provide a general view of housing.

Endnotes

Executive Summary

1. A household consists of all the persons who occupy a housing unit. By definition, the count of households is the same as the count of occupied housing units.
2. Detroit had the highest poverty rate, 32 percent, among cities with more than 750,000 residents in 1989. San Antonio's rate of 23 percent was followed by those of Chicago (22 percent), Houston (21 percent), and Philadelphia (20 percent).¹ U.S. Bureau of the Census, "Poverty Levels, Rates, and Ranks, Places of at Least 100,000," 1990 Census.
3. The results of the *American Housing Survey for the San Antonio Metropolitan Area in 1990* are based on information from 3,765 households in the San Antonio metropolitan area, which included Bexar, Comal, and Guadalupe counties at the time of the survey. Since then, Wilson County has been added to the San Antonio Standard Metropolitan Statistical Area.
4. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 38.
5. The *American Housing Survey* includes 44 large metropolitan areas, 11 of which are examined every year so that each metro area is surveyed every four years. Comparisons of these 44 metropolitan areas appear in this report. Paul A. Leonard and Edward B. Lazere, *A Place to Call Home: The Low Income Housing Crisis in 44 Major Metropolitan Areas* (Washington: Center on Budget and Policy Priorities), p. 9; U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the New Orleans Metropolitan Area in 1990*, p. 9.
6. The *American Housing Survey* provides detailed information for black and Hispanic households, but not for white households. For this reason, information on white households must be estimated by subtracting data for black and Hispanic households from all households in the metropolitan area. Non-Hispanic whites comprise 97 percent of the non-Hispanic and non-black households; the other 3 percent includes persons of Asian, Pacific Island, or Native American descent. As there is no way to separate the various races in the non-black and non-Hispanic populations, the most accurate estimates can be made for the white population.
7. Ed Lazere, Center on Budget and Policy Priorities, memorandum, 26 August 1993.
8. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 42.
9. Leonard and Lazere, *A Place to Call Home*, p. 66.

ENDNOTES

10. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 94.
11. Leonard and Lazere, *A Place to Call Home*, p. 66; U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the New Orleans Metropolitan Area in 1990*, p. 77.
12. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 50.
13. Leonard and Lazere, *A Place to Call Home*, p. 63.
14. *Ibid.*, p. 63.
15. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, pp. 102, 160.
16. Leonard and Lazere, *A Place to Call Home*, p. 64.
17. Vivian Flores, City of San Antonio, telephone conversation, 20 September 1993.
18. U.S. Conference of Mayors, *A Status Report on Hunger and Homelessness in America's Cities: 1992*, p. 76.
19. Committee on Ways and Means, U.S. House of Representatives, *1993 Green Book*, p. 1671.
20. This number probably underestimates the true number of assisted households as the San Antonio Department of Housing and Community Development is aware of most but not all low-income housing projects in the city. This figure also does not reflect the number of units completed that year, but the number initiated. Finally, the construction of housing varies each year, and this figure probably differs from previous years. City of San Antonio, *Comprehensive Housing Assistance Strategy (CHAS): Fiscal Year 1992 through Fiscal Year 1996*, pp. 2-21, 22.
21. San Antonio Housing Trust, "Review/Update, June 1993."
22. San Antonio Department of Housing and Community Development, unpublished data.
23. San Antonio Housing Authority, memorandum, 20 August 1993.
24. San Antonio Housing Authority, telephone conversation, 20 September 1993.
25. The most recent poverty level thresholds place Texas' AFDC payments at 20 percent of the poverty level. In 1970 AFDC grants represented 71 percent of the poverty level. Since 1970 the inflation-adjusted value of AFDC benefits in Texas has dropped 72 percent. Texas Department of Human Services, *New Directions, 1992 Annual Report*, p. 19. Inflation analysis by Partnership for Hope.
26. Committee on Ways and Means, U.S. House of Representatives, *1992 Green Book*, pp. 786, 791.
27. Robert S. McIntyre, Michael P. Ettlinger, Douglas P. Kelly, and Elizabeth A. Fray, *A Far Cry from Fair: CTJ's Guide to State Tax Reform* (Washington: Citizens for Tax Justice), p. 13, 18-69.

Introduction and Overview

1. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 38.
2. *Ibid.*, p. 38.
3. *Ibid.*, p. 38.
4. A housing unit is a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters.
5. The most recent poverty rates for comparable central cities are 35 percent for Miami, 34 percent for Newark, 30 percent for New Orleans, 29 percent for Hartford, 27 percent for Cleveland, and 26 percent for Atlanta. Leonard and Lazere, *A Place to Call Home*, p. 9; U.S. Bureau of the Census, Mary Lynn Fessler, memorandum, 4 October 1993; Paul A. Leonard and Edward B. Lazere, *A Place to Call Home: The Low Income Housing Crisis in 44 Major Metropolitan Areas* (Washington: Center on Budget and Policy Priorities), p. 9; *The American Housing Survey for the New Orleans Metropolitan Area in 1990*, p. 9.
6. Because of the relatively small sample size, data for Guadalupe and Comal counties are subject to fairly large errors, and are included in this report only to provide a general idea of housing conditions.
7. The New Orleans metropolitan area had a poverty rate of 21 percent. U.S. Bureau of the Census, Mary Lynn Fessler, memorandum, 4 October 1993; U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, *American Housing Survey for the New Orleans Metropolitan Area in 1990*, p. 9.
8. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 38.
9. Vivian Flores, City of San Antonio, telephone conversation, 20 September 1993.
10. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, pp. 190, 252.

Unaffordable Housing

1. Housing costs for owner-occupied units include monthly payments for all mortgages, or installment loans or contracts, real estate taxes, property insurance, homeowners association fee, cooperative or condominium fee, mobile home park fee, land rent, utilities, fuels, and garbage and trash collection. For renter-occupied units, monthly housing costs include the contract rent plus the estimated average monthly cost of utilities and fuels, property insurance, mobile home rent, and garbage and trash collection if these costs are the responsibility of the renter.
2. The *American Housing Survey* includes a number of renters who reported that they paid no cash rent or who had zero or negative income.

ENDNOTES

These households are not included in survey calculations of housing costs as a percentage of income. To be consistent with the *American Housing Survey*, these households are also excluded in calculations in this report.

3. The *American Housing Survey* includes a number of homeowners who did not report the amount of their mortgage payment or who reported that they had zero or negative income. These households are not included in survey calculations of housing costs as a percentage of income. To be consistent with the *American Housing Survey*, these households are also excluded in calculations in this report.

The percentages of income spent on housing do not reflect tax benefits available to homeowners. Those homeowners who have not paid off their mortgages and who have earnings sufficient to incur income tax liabilities can receive some benefits from the mortgage interest deduction and property tax deduction in calculating federal income tax payments. Since passage of the federal Tax Reform Act of 1986, however, most households below the poverty line no longer owe federal income tax. As a result, they receive no tax benefits from home ownership.

4. The typical electric bill for poor San Antonio homeowners with electric bills was \$43 per month. Median costs for other bills were \$27 for property insurance, \$24 for water, and \$35 for real estate taxes. In 1990, 99 percent of poor homeowners paid electricity bills, 59 percent paid for property insurance, 82 percent paid water bills, and all households paid property taxes.

5. This income level is selected because it approximates the poverty line for a family of three in 1990 (\$10,419). The *American Housing Survey* does not provide data for "low-income households" as defined by the U.S. Department of Housing and Urban Development.

6. Not all households with incomes below \$10,000 could afford to pay rent of less than \$250 a month. For example, \$200 a month in rent would represent 40 percent of a family's \$6,000 annual income—well past the 30 percent affordability guideline.

7. Census data on housing in the San Antonio metropolitan area are available for 1975, 1978, 1982, 1986, and 1990. These data were adjusted for inflation using the CPI-U-X for all cities.

8. Income and rental figures are adjusted for inflation to be expressed in 1990 dollars. The *American Housing Survey* provides separate data for occupied and vacant housing units. 1975 data do not indicate the rent asked for vacant units. It is assumed here that 33 percent of the vacant rental units in 1975 were low-rent units, the same proportion as in 1978, the first year in which rental rates for vacant units were indicated. Ed Lazere, Center on Budget and Policy Priorities, memorandum, 26 August 1993.

9. In 1984 the U.S. Bureau of the Census determined that Comal County should be considered part of the San Antonio metropolitan area. As a result, comparing data from before 1984 with data after that year can lead to inaccuracy. In the case of occupied low-rent units, the survey breaks out the city of San Antonio, the remainder of Bexar County, and

A DIFFERENT AMERICAN DREAM

all of Guadalupe County, thus enabling the data to remain completely consistent. That same differentiation is not available with vacant units. Because Comal County represents just 3.4 percent of all households in the metropolitan area, errors caused by including that county should be relatively minor.

Overcrowded and Physically Deficient Housing

1. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 42.
2. Paul A. Leonard and Edward B. Lazere, *A Place to Call Home: The Low Income Housing Crisis in 44 Major Metropolitan Areas* (Washington: Center on Budget and Policy Priorities), p. 66.
3. *Ibid.*, p. 66.
4. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 152.
5. *Ibid.*, p. 50.
6. Leonard and Lazere, *A Place to Call Home*, p. 63; U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the New Orleans Metropolitan Area in 1990*, p. 15.
7. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 102.
8. Leonard and Lazere, *A Place to Call Home*, p. 63.
9. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 160.
10. New Orleans had a rate of 35 percent in 1990. Leonard and Lazere, *A Place to Call Home*, p. 63; U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the New Orleans Metropolitan Area in 1990*, p. 81.
11. Leonard and Lazere, *A Place to Call Home*, p. 64.

Other Housing Characteristics

1. U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1991*, p. 62.
2. *Ibid.*, p. 62.
3. The explanation for this difference is that the census counts individuals, while the *American Housing Survey* examines households. Because more than half of poor elderly households are composed of one person while poor non-elderly households generally consist of more than one

ENDNOTES

- individual, the elderly *household* poverty rate is high, even though their *individual* poverty rate is low. Texas State Data Center, 1990 CPH-L-80, "Income and Poverty Status in 1989: 1990, Bexar County, Texas."
4. Vivian Flores, City of San Antonio, telephone conversation, 20 September 1993.
5. United States Conference of Mayors, *A Status Report on Hunger and Homelessness in America's Cities: 1992*, p. 76.

Housing Assistance

1. Committee on Ways and Means, U.S. House of Representatives, *1993 Green Book*, p. 1671.
2. City of San Antonio, *Comprehensive Housing Assistance Strategy (CHAS): Fiscal Year 1992 through Fiscal Year 1996*, pp. 2-21, 2-22.
3. This number probably underestimates the true number of assisted households as the San Antonio Department of Housing and Community Development is aware of most but not all low-income housing projects in the city. This figure also does not reflect the number of units completed that year, but the number initiated. Finally, the construction of housing varies each year, and this figure probably differs from previous years. San Antonio Department of Housing and Community Development, *CHAS Annual Performance Report (Federal Fiscal Year 1992)*, pp. 67-72.
4. This figure probably underestimates the true amount of expenditures on housing as the San Antonio Department of Housing and Community Development is aware of most but not all low-income housing projects in the city. Furthermore, the construction of housing varies each year, and this figure probably differs from previous years. *Ibid.*, pp. 2-10.
5. San Antonio Department of Housing and Community Development, unpublished data.
6. *Ibid.*
7. San Antonio Department of Housing and Community Development, *CHAS Annual Performance Report (Federal Fiscal Year 1992)*, pp. 2-10.
8. San Antonio Housing Trust, "Review/Update, June 1993."
9. San Antonio Housing Authority, memorandum, 20 August 1993.
10. Richard de los Santos, San Antonio Housing Authority, telephone conversation, 21 August 1993.
11. San Antonio Housing Authority, telephone conversation, 20 September 1993.
12. City of San Antonio, *Comprehensive Housing Assistance Strategy (CHAS)*, p. 1-20.
13. *Ibid.*, p. 2-23.
14. Housing Authority of Bexar County, letter, 4 October 1993.
15. San Antonio Housing Trust, unpublished data.
16. Affordable Housing Council of the Federal Home Loan Bank of Dallas, *1992 Annual Report*, pp. 2, 5.
17. The most recent poverty level thresholds place Texas' AFDC pay-

A DIFFERENT AMERICAN DREAM

ments at 20 percent of the poverty level. In 1970 AFDC grants represented 71 percent of the poverty level. Since 1970 the inflation-adjusted value of AFDC benefits in Texas has dropped 72 percent. Texas Department of Human Services, *New Directions, 1992 Annual Report*, p. 19. Inflation analysis by Partnership for Hope.

18. Committee on Ways and Means, U.S. House of Representatives, *1993 Green Book*, pp. 786, 791.

19. Robert S. McIntyre, Michael P. Ettlinger, Douglas P. Kelly, and Elizabeth A. Fray, *A Far Cry from Fair: CTJ's Guide to State Tax Reform* (Washington: Citizens for Tax Justice), p. 13

20. *Ibid.*, p. 62.

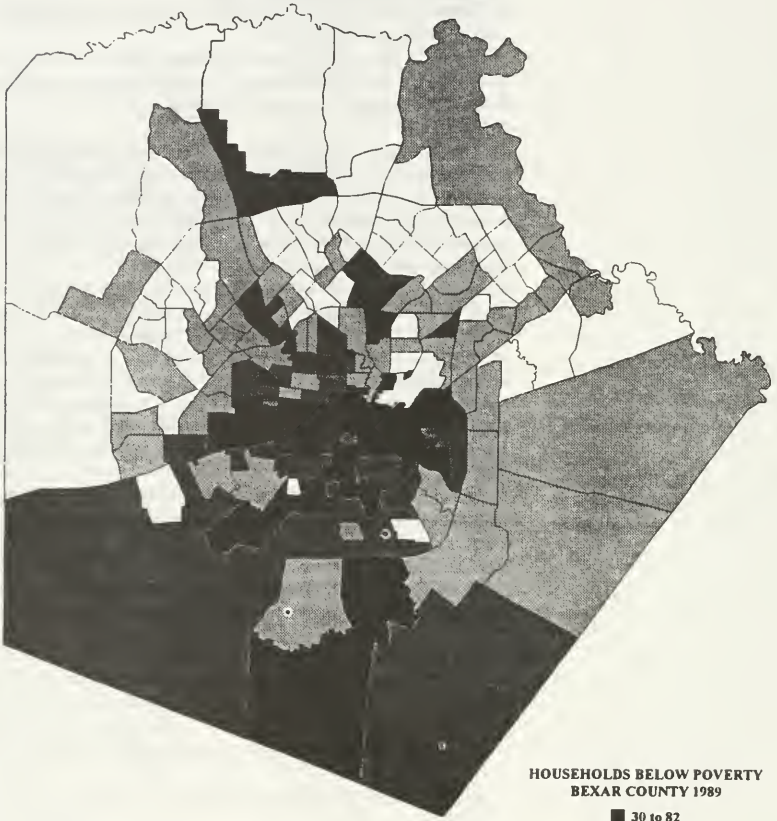
21. The high property tax burdens of poor families in Texas is part of the state's regressive tax system. Texas levies state and local taxes that consume 17.1 percent of the income of poor families, a rate higher than those of all but one other state. Conversely, Texas' taxation of the wealthiest 1 percent of families is just 3.1 percent of their income, the fifth-lowest rate in the country. *Ibid.*, pp. 5, 18-69.

22. Paul A. Leonard and Edward B. Lazere, *A Place to Call Home: The Low Income Housing Crisis in 44 Major Metropolitan Areas* (Washington: Center on Budget and Policy Priorities), p. 44.

23. The homestead exemption works in this way. A household can exempt \$5,000 of the taxable value of its home. The San Antonio Independent School District has a tax rate of 1.5134 percent for each \$100 in property value. The median household value in the district is approximately \$38,403. Without the exemption, the owner would pay \$581 in taxes.

With the exemption, the owner pays \$506, a savings of \$75. Elderly owners receive an extra \$15,000 exemption, and their tax rate cannot increase once they reach age 65. An elderly owner would pay \$279 in taxes, saving \$302. Disabled owners get another \$3,000 exempted. If an elderly owner was also disabled, this person would pay \$233 in taxes, a difference of \$348 from the total if there were no exemptions. Robert Garcia, San Antonio Independent School District, telephone conversation, 22 September 1993.

BEXAR COUNTY MAPS

**Percentage of Households below Poverty Level,
Bexar County, 1989**

MAP COURTESY CITY OF SAN ANTONIO DEPARTMENT OF PLANNING, SOURCE: 1990 CENSUS

BEXAR COUNTY MAPS

Housing Affordability

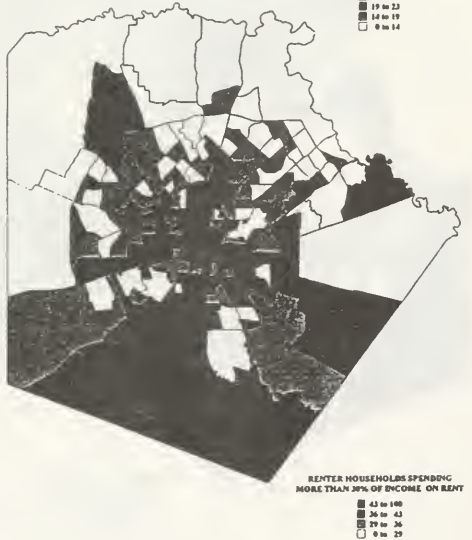
Percentage of All Owner Households Spending More than 30 Percent of Income on Mortgage, Bexar County, 1989

Note: This map represents data from the 1990 Census, which does not use the same definition for housing costs as the American Housing Survey. The census definition only includes mortgage expenses and not other costs accounted for in the American Housing Survey.



Percentage of All Renter Households Spending More than 30 Percent of Income on Rent, Bexar County, 1989

Note: This map represents data from the 1990 Census, which does not use the same definition for housing costs as the American Housing Survey. The census definition only includes rent and not other costs accounted for in the American Housing Survey.



MAPS COURTESY CITY OF SAN ANTONIO
DEPARTMENT OF PLANNING, SOURCE: 1990 CENSUS

BEXAR COUNTY MAPS

Overcrowded Housing

Percentage of All Owner
Households that Are
Overcrowded,
Bexar County, 1989



OVERCROWDED OWNER HOUSEHOLDS
BEXAR COUNTY 1989

15 to 27
4 to 15
1 to 4
0 to 1

Percentage of All Renter
Households that Are
Overcrowded,
Bexar County, 1989



OVERCROWDED RENTER HOUSEHOLDS
BEXAR COUNTY 1989

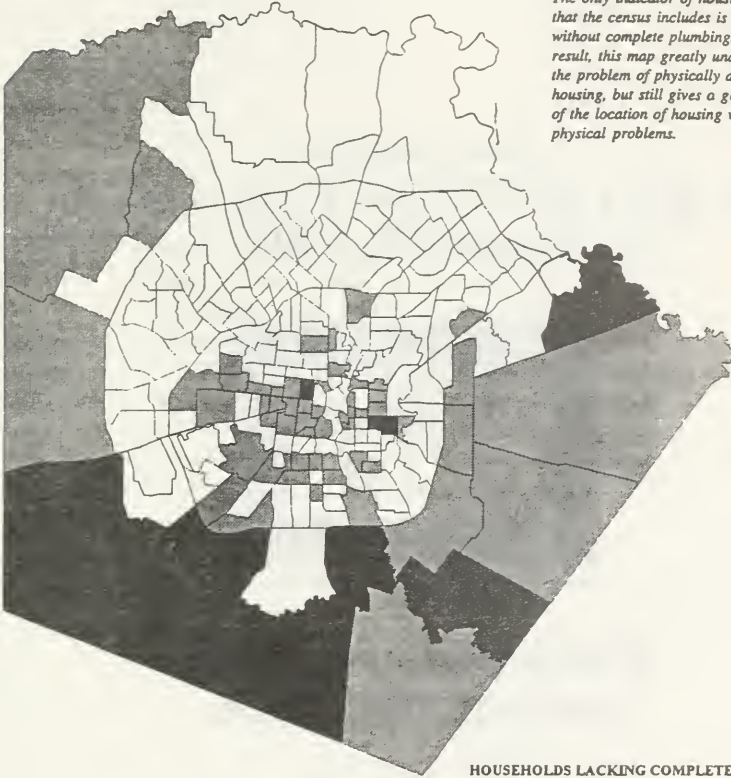
14 to 27
7 to 14
4 to 7
0 to 4

MAPS COURTESY CITY OF SAN ANTONIO
DEPARTMENT OF PLANNING, SOURCE: 1990 CEN

BEXAR COUNTY MAPS

Percentage of Households Lacking Complete Plumbing, Bexar County, 1989

Note: This map represents data from the 1990 Census, which does not tabulate physically deficient housing. The only indicator of housing quality that the census includes is housing without complete plumbing. As a result, this map greatly understates the problem of physically deficient housing, but still gives a general idea of the location of housing with physical problems.



HOUSEHOLDS LACKING COMPLETE PLUMBING FACILITIES



MAP COURTESY OF SAN ANTONIO DEPARTMENT OF PLANNING. SOURCE: 1990 CENSUS

Exhibit B

**NEW CHOICES:
THE 1993 SAN ANTONIO POVERTY SUMMIT
MARCH 8-9, 1993**



Improving Life Circumstances for Those in Poverty

**Partnership for Hope
San Antonio, Texas**

Mission Statement

The mission of Partnership for Hope is to make the San Antonio community aware of the human and economic cost of poverty and challenge its leaders to commit themselves to dramatically reduce poverty in this generation. Our commitment is to forge partnerships and to work together as a community to bring hope for a better future to those in persistent poverty and improve their life circumstances.

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3737 Broadway, Suite 100
San Antonio, Texas 78209
(210) 826-HOPE
Fax: 826-3774

THE 1993 SAN ANTONIO POVERTY SUMMIT

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Acknowledgments

The 1993 San Antonio Poverty Summit was made possible through a grant from the Rockefeller Foundation and the support of Ms. Julia Lopez, director, and Dr. Aida Rodriguez, associate director, of the Rockefeller Foundation's Equal Opportunity Division.

Laura Calderon, executive director of Partnership for Hope, developed and organized the summit. Partnership for Hope staff—Lorena Ayala, Alma D. Camu, Claudia Garza, Celia Leal, Raquel Lopez, and Dianne Plata—provided logistical support.

Larry Witte wrote and designed the summit report. Laura Calderon and Randy Capps provided editorial assistance.

Phil Bateman supplied the majority of the photographs for the report. Michigan Future, Arkansas HIPPY, the Juvenile Welfare Board of Pinellas County, Genesis, Families Now, and the Center for Employment Training also provided photos where indicated. Larry Witte took the photos on pages 14, 15, 46, 47, and 51.

THE 1993 SAN ANTONIO POVERTY SUMMIT

Table of Contents

Summit Overview 2

The 1993 Poverty Summit addressed some main issues facing San Antonio, the second-poorest major city in the United States. The two-day conference discussed how to improve programs intended to help those in poverty, the effect of the economy on anti-poverty efforts, and the role of the government, impoverished individuals and society in combatting poverty.



Page 2

Keynote Address 10***Reinventing Anti-Poverty Strategies***

In the midst of global economic change, efforts to reduce poverty face greater challenges than ever. To meet this emerging reality, human services must be redesigned and delivered differently. The assets of those in poverty, their active participation in improving their environment, and a new social contract are all ingredients to successful new approaches.



Page 10

Toward Self-Sufficiency 18***Perspectives from Community Leaders, and Service Providers and Recipients***

While many have opinions about poverty, rarely are the voices of those in poverty heard. A dialogue between low-income residents and other segments of the community provided various insights regarding poverty. Lack of public commitment toward reducing poverty, the stress of poverty on poor families, and the chronic shortage of resources—especially acute in Texas—all impact one's ability to escape poverty.



Page 18

Special Taxing Districts for Children .. 26***A Powerful Idea from Florida***

For nearly half a century the Juvenile Board of Pinellas County has enabled thousands of children to benefit from initiatives funded by public resources dedicated to children's services. In 1992 the Juvenile Welfare board provided more than \$19 million to programs serving 72,000 children. In addition, the community continues to support the Juvenile Welfare Board, recently approving an increase in its taxing authority by a 2-to-1 margin.



Page 26

Model Programs 34***Genesis, Families Now, and the Center for Employment Training***

These initiatives effectively deliver maternal health care, family crisis intervention, and job training. While these programs address different needs, they owe their success to common characteristics.



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Summit Participants 46

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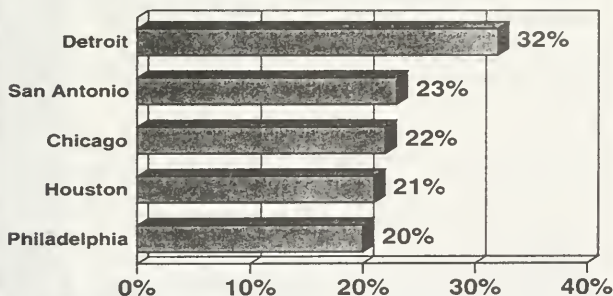
Following two decades of rapid growth that shows no sign of subsiding, San Antonio has high hopes for an era of promise and prosperity. The impending North American Free Trade Agreement could alter the economic balance in San Antonio's favor, and steady domestic immigration serves as an indication of growing employment opportunities.

Surely there is merit to these optimistic sentiments, yet an examination within San Antonio's borders reveals a more sobering scenario. Despite a growing national profile, San Antonio remains a

poor city. The most recent census places the poverty rate in San Antonio at 23 percent, the second-highest level among U.S. cities with more than 750,000 residents.¹ More than 200,000 persons in San Antonio live below the poverty line (\$14,343 for a family of four), including 86,446 children.² Children are the poorest San Antonians, with a poverty rate of 32 percent, an increase from 29 percent in 1979.³

The median income among families in San Antonio is stagnant, and many families lack health insurance. Adjusted for inflation, the median family income dropped from \$27,087 to \$26,885 between 1979 and 1989.⁴ Like wages, benefits such as health insurance are

Figure 1: Highest Poverty Rates, U.S. Cities with More than 750,000 Residents, 1989



Source: U.S. Bureau of the Census. "Poverty Levels, Rates and Ranks, Places of at Least 100,000," 1990 Census.

SUMMIT OVERVIEW

often tied to employment. San Antonio, with many low-paying and retail jobs, leads the nation with the highest proportion of non-elderly citizens without health insurance. Thirty-one percent of San Antonio's non-elderly population has no health insurance, including Medicaid.⁵

Another issue looming ahead is the future of the military in San Antonio. San Antonio's military bases employ 71,000 persons, who comprise approximately 11 percent of the local work force.⁶ The city has not been affected by large job termination, at least in comparison to other communities. The coming years, however, could include such events, and even barring job loss from the military, it is assured that San Antonio will not gain military jobs for its growing work force.

1993 Poverty Summit: Thus San Antonio faces sizable problems that will continue to present difficulty to the development of the city. For this reason, Partnership for Hope convened the first annual Poverty Summit in the Spring of 1993. Held at Our Lady of the Lake University on San Antonio's Westside, the Poverty Summit enabled impoverished individuals, providers of human services, nationally recognized speakers, and representatives of successful anti-poverty strategies to share their experiences with a group of San Antonians concerned about poverty.

Better services: Emerging from the conference was the belief that current methods of reducing poverty must be changed. It was also clear that for San Antonio to compete in the global economy, families must be stronger, students must learn more, and workers must have better skills. In other

Key Points

Poverty in San Antonio

☑ With a poverty rate of 23 percent, San Antonio is the second-poorest city in the United States with more than 750,000 residents.

☑ The child poverty rate in San Antonio is 32 percent, an increase from 29 percent in 1979.

Economic Forces

☑ Any effective anti-poverty strategy must address the underlying economic forces that can contribute to poverty.

Effective Interventions

☑ In effective anti-poverty initiatives, service recipients take an active role in improving their situation.

The assets, not the deficits, of recipients are recognized and utilized.

Finally, a two-way partnership between recipients and providers is established.

☑ Low-income residents must be able to advocate on their own behalf and make the choices that will influence their lives.

Role of Government

☑ Local government in

San Antonio should encourage economic development, ensure the existence of a skilled work force, provide information on services so that residents can make informed choices, and build the capacity of human service providers.

Lack of Resources

☑ The lack of resources and low priority for human services hampers anti-poverty efforts.

☑ A special tax district for children, such as the Juvenile Welfare Board in Pinellas County, Florida, could provide resources that would enhance efforts to reduce poverty.

Broad Support Needed

☑ Major policy changes in the public and private sector that would substantially impact poverty will come about only with the full backing of those who wield the most influence in the community.

☑ True empowerment for those in poverty entails full access to the political process, which has often been met with much resistance.

NEW CHOICES



Laura Calderon

words, San Antonio has no choice but to improve the condition of its 200,000 impoverished citizens if the city wants to become a vibrant commercial center.

Economic forces: Even though the summit focused on developing effective anti-poverty initiatives, participants repeatedly stressed the importance of the overall economy in reducing poverty. Without genuine economic growth in which a large number of persons have access to opportunities, anti-poverty programs will not be able to stem the growth of poverty.

New framework needed: The keynote address by Doug Ross, undersecretary designate for Employment and Training for the U.S. Department of Labor, introduced several themes that would remain central throughout the summit. A panel of low-income residents, human service providers, and community leaders followed Ross' speech and developed these themes in greater detail. Ross said

that in today's rapidly changing economic climate, "Good-paying, low-skilled, routine jobs are disappearing everywhere in the advanced world. This means that the formula for getting out of poverty doesn't work anymore."

Anti-poverty strategies based on the new foundation share three guiding principles. First, per-

sons receiving services must stop being treated like clients, and must take an active role in improving their lives. Many participants in the panel seconded Ross' comments, saying by advocating on their own behalf, they have started their own businesses, found employment, and taken leadership positions in their community.

Secondly, efforts to reduce poverty must focus on the assets of those in poverty. Panelist Irene Daniels noted the importance of focusing on strengths, saying, "We are human beings. We have thoughts, we have feelings and we can change our environment, but not by telling us we can't do it."

Third, anti-poverty approaches must be based on a partnership in which recipients will meet certain standards of responsible and productive behavior in order to receive assistance.

Choice: Effective anti-poverty programs around the country that meet these criteria offer customers choices in terms of what services they will receive and where they

San Antonio has no choice but to improve the condition of its 200,000 impoverished citizens if the city wants to become a vibrant commercial center.

SUMMIT OVERVIEW

will obtain these services. As a result, providers must compete for the patronage of customers. In other words, service recipients have options.

Barriers: Choice, however, is a luxury that many low-income persons do not have. For example, panelists mentioned the lack of child care as a significant barrier to achieving self-sufficiency. Barbara Ford Young of the Texas Department of Human Services said the entire state of Texas could have as few as 3,600 subsidized child care slots for each of the next two years. "Child care drives the JOBS program (an initiative to provide job training and employment to wel-

"I thought we had a problem in Florida, but I don't know how you can mount a self-sufficiency strategy in a state the size of Texas with 3,600 child care slots."

Government's role: Alan Abramson of the Urban Institute in Washington, D.C., said local government should serve as a coordinator, provider of information, and capacity builder to expand choices for citizens. As a coordinator, government should encourage economic growth that provides employment opportunities and ensure that individuals are trained to perform those jobs. By providing information about community resources, government can help citi-

Local government should serve as a coordinator, provider of information, and capacity builder to expand choices for citizens.



Choco Gonzalez Meza

fare recipients). Without appropriate child care, there would be no education, no training, and no employment for parents."

The severity of the child care crisis in Texas drew a comment from James Mills, the executive director of the Juvenile Welfare Board of Pinellas County, Florida.

zens make informed choices. To build capacity, government should develop new revenue sources and mediate interests within the human service community so that existing resources are spent wisely.

Successful initiatives: Speakers from three model pro-



NEW CHOICES

Perhaps most central to the success of the three programs is their commitment to providing choices to participants.

grants from around the country provided examples of these principles in action. All three programs require service recipients to play an active role in changing their condition. The Genesis program in Tampa, Florida, provides comprehensive care to mothers during pregnancy and following childbirth. The impressive improvements in infant mortality and low birthweight births are possible because mothers take an active role in learning about their pregnancy and improving their health.

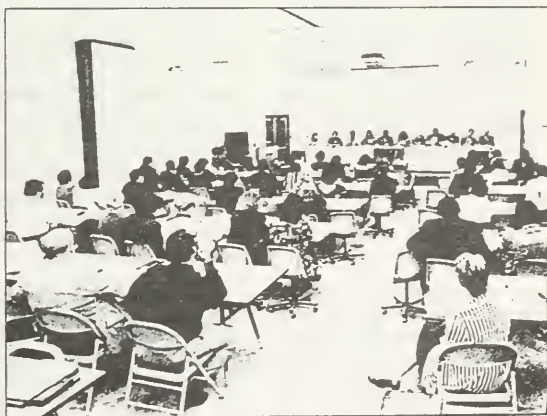
The interventions also build on the assets of those being served. Families Now, a family preservation initiative in Maryland, keeps families together by recognizing their strengths. Working with these assets, Families Now is able to keep children with their families, and reunite children who have been placed in foster care.

Commitment and personal responsibility have an important place in the three programs. The Center for Employment Training (CET) in California demands that students attend class daily and on time. In this manner, CET not only

develops positive behaviors from students, but it also replicates the work environment.

Perhaps most central to the success of the three programs is their commitment to providing choices to participants. These initiatives emphasize flexibility and the needs of recipients, not of the agency. Programs are tailored to the needs of individuals and give them options. The flexibility of these programs has resulted in improved outcomes and financial savings.

Resources required: No matter how effective, however, good programs need money to operate. Unfortunately, funding of human services often takes low priority, as shown in Texas' commitment to child care. James Mills introduced his county's method of ensuring adequate resources for services. Pinellas County has funded much of its services for children through a special taxing district. Special districts are commonly used for infrastructure and public schools, but rarely for human services.



SUMMIT OVERVIEW



Alan Abramson (far right) at the Poverty Summit.

Citywide participation: A similar system could bring the same benefits enjoyed in Florida to San Antonio. Establishing such a district, however, would require commitment from the entire community. Related to this is another theme that emerged in the conference, the lack of concern from an important segment of the population. "Whether we like it or not, Anglo men...make the decisions, both public and private in this nation," said Ralph Bender, an architect and urban planner. "Until we get that group of people involved in this particular issue on a massive scale, then nothing is ever going to change."

New perspective: Comments also focused on another larger issue, economic development. Without jobs, all strategies to foster self-sufficiency are futile. Furthermore, to reduce poverty economic growth must be of the type that provides opportunity to a broad

spectrum of the community. As Alan Abramson said, "San Antonio really stands alone among the big cities in this country in the extent to which it experiences both high rates of growth and high rates of poverty."

Thus, those working in human services must broaden their perspectives to other issues like jobs, wages, and benefits. City Councilman Juan Solis added that the business community has responsibilities as well. The City of San Antonio, he said, should demand jobs that pay above the minimum wage and that offer opportunities for advancement from companies that receive tax abatements.

Framework for change:

Summit participants began to develop a framework for refining efforts to reduce poverty. Participants stressed the importance of education in enabling persons in poverty to change their condition. Because education begins with

"San Antonio really stands alone among the big cities in this country in the extent to which it experiences both high rates of growth and high rates of poverty."

NEW CHOICES



Diane Gutierrez and Bradley Scott

parents of students, the summit highlighted initiatives that include parental education, HIPPPY (Home Instruction Program for Preschool Youngsters), Genesis, and Families Now.

While personal empowerment is an ideal, some summit participants were not convinced that those wielding influence wanted low-income individuals to have a strong political voice. Those in attendance cited the Model Cities programs in the 1960s that registered impoverished people to vote. Partly because elected officials began to worry about the political power of this new constituency, Model Cities was eliminated. This fear of enfranchisement remains, as community action organizations still cannot register voters.

Obstacles: It was felt that the reluctance to fully empower impoverished individuals at the ballot box contributed to their social and economic status. Summit participants mentioned the frustration of having heard presentations about effective anti-poverty initiatives

from around the country with no hope of these programs being replicated in San Antonio. Political clout for low-income citizens, they said, would force elected officials to meet the needs of San Antonio's poor population.

Participants also discussed the role of the church, the military and society. The church was recognized as an integral part of the community that has the broad role of bridging gaps between the public and private sectors. Religious institutions also have the responsibility of bringing the issue of social justice to the forefront and changing attitudes toward poverty. The military will remain a moving force behind the changes in San Antonio. Many military personnel are involved in the community, working for a variety of causes, including education and youth programs. Participants voiced less optimistic predictions regarding society's will to address poverty. As long as society's focus remains adult-oriented, issues involving children, especially poor children, will not receive sufficient priority.

It was felt that the reluctance to fully empower impoverished individuals at the ballot box contributed to their social and economic status.

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New choices: Nevertheless, the Poverty Summit provided some principles for reducing poverty. Those in poverty must be given the opportunity and the responsibility to make choices for themselves. Choice, however, requires resources, and until the political will to provide these means emerges, the assets of a large proportion of San Antonio's population will not be recognized nor utilized. Finally, poverty is closely

tied to the surrounding economic climate. Therefore, those working to reduce poverty must also concern themselves with economic development, which ultimately has the greatest influence on poverty. Likewise, the extent of poverty affects the quality of the work force, the purchasing power of consumers, and the economic potential of a city. Understanding this is a first step towards effectively addressing poverty. ■

Poverty affects the quality of the work force, the purchasing power of consumers, and the economic potential of a city.

Notes

1. U.S. Bureau of the Census, "Poverty Levels, Rates and Ranks, Places of at Least 100,000," *1990 Census*, 24 June 1992, p. 1.
2. U.S. Bureau of the Census, *Census of Population and Housing, 1990*, Summary Tape File 3, Texas.
3. Ibid.
4. Ibid.
5. Employee Benefits Research Institute, "Sources of Health Insurance and Characteristics of the Uninsured," *Special Report and Issue Brief Number 133*, January 1993, p. 35.
6. Williams, J., San Antonio Greater Chamber of Commerce, 31 March 1993; and DeBarros, A., Texas Employment Commission, 7 April 1993. Telephone conversations.

Keynote Address:

Reinventing Anti-Poverty Strategies

(edited)

by Doug Ross

*Undersecretary Designate
for Employment and Training,
U.S. Department of Labor*

a little over a decade ago the Ford Motor Company found itself on the verge of bankruptcy. They simply could not compete with the Toyota or the Honda. Because of this desperation they decided to do something different. It turned out that a couple of years before they had purchased one quarter of the Mazda Car Company over in Japan. So they decided to try to understand how it is that Mazda built automobiles. What they discovered, and what American businesses, European businesses and ultimately what other Japanese businesses had begun to discover, ended up totally transforming our economy and radically changing the path out of poverty for millions of Americans.

They discovered that good-paying, low-skilled, routine jobs are disappearing everywhere in the advanced world. This means that the formula for getting out of poverty doesn't work anymore. It used to be that if you started with a willingness to work, if you could get child care, if you could keep your health insurance, if you could find transportation, and if you possessed the work habit to show

up on time and put in a good day's job, you had a shot at moving out of poverty into the middle class. But that is no longer the case.

Wherever that old system was in place, it is being replaced by this new system, and this new system has two huge advantages. First of all, it allows you to customize everything you make to fit exactly someone's personal preferences. For example, with this new way of making things you can walk into a store, we can take your precise measurements—not a size 8 or a size 10 regular—your precise measurements, and laser cut a suit or dress made specifically for you.

the second advantage is that because whatever system you have has to be flexible in order to customize, you have to be constantly changing the machine. Since you can change everything so easily you can obtain a level of quality that was never imaginable, because every time you begin to see a defect or mistake starting to happen, you can change the system and fix it before it occurs. So literally, we have car companies and furniture companies and others that have a realistic goal of zero defects: no flaws in any of their products.

To implement this new way of making things, there is a huge change in work that is central to how to build a path out of poverty. People suddenly have to take charge. Let me explain what I

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mean. In order to keep creating different cars, we have to keep changing the production line. And if you constantly want the process to be adjusted so that mistakes are eliminated, control over that process has to be turned over to the people who actually run it.

So suddenly middle class work looks totally different. It is no longer useful to have a boss tell you what to do. If a boss has to tell you what to do, increasingly you are going to be talking about a minimum wage job, not a middle class job. Middle class work, because of this new way of making things, is about people who are given power, who are willing to take it, and are able to use it skillfully and responsibly.

to take charge effectively of your work situation, you need a set of critical competency skills. First, you have to know how to manage your own activities through your planning and organizational skills. Second, you must be able to take and use power responsibly. Third, you must have the social skills to work out problems with other people and be able to build long-standing personal relations and operate as a continuing team member. Fourth, you must be able to learn new things continuously. Unless our efforts to assist those in poverty support the developments of these competencies, our help, no matter how sincere and efficient, will still leave most folks trapped in poverty with absolutely no way out.

If that is the new economic reality, then how we offer to provide human services suddenly matters a great deal. The goals are the same: adequate housing, decent nutrition, children vaccinated and prepared to start school, adults educated and trained to escape

Key Points

The New Economy

✓ Economic forces are changing the path out of poverty, as good-paying, low-skill jobs are disappearing around the world.

✓ Increasingly middle-class work requires employees to take charge of their situation.

✓ These changes are forcing us to alter our approach to how we design and deliver human services.

Three Principles

✓ Three principles guide the innovations being made in human services. First, those being helped must have the role of active participants, not passive recipients.

✓ Second, anti-poverty initiatives must build on people's assets, and not focus on deficits.

✓ Third, we must develop a new social contract in which those who receive services will be required to meet specified standards of behavior.

✓ President Clinton's New Covenant, which includes welfare reform



Doug Ross

and national service in exchange for money for college tuition, incorporates this new social contract.

✓ Other successful interventions employ some or all of the three principles needed for social change.

Market-Based

✓ Strategies to reduce poverty must also incorporate market-based characteristics.

✓ Systems to provide services should be customer-driven, so that people can decide what service they need and where they can get services.

✓ Systems should also be market-driven, in which providers will compete for customers.

NEW CHOICES

"Only by being an active participant do you begin to learn the skills of taking charge, solving problems, and working with others."

poverty and enter the middle class. Same goals, but the question is: How do we achieve those goals in the context of this new economy and in the way that enables people to master these skills they need to escape? Fortunately, there are a growing number of public agencies, non-profits, and community groups all across the country that have been wrestling with and experimenting with this issue. And they are beginning to develop some answers.

The experiment tends to develop around three principles to help poor people who want to become self-sufficient. The first principle is efforts must offer those being helped the role of active participants, not passive recipients; the reason being that only by being an active participant do you begin to learn the skills of taking charge, solving problems, and working with others.

In many cities public housing is a desperately frightening place to live and visit. In our old framework of trying to help people, we built these public housing projects owned by the federal government and we set up bureaucracies to try and run them. They tend to be expensive and in most cases, the results are absolutely disastrous. A growing number of public housing authorities have started turning over authority and power to tenants themselves to manage their own public housing. What lots of folks are finding is with some leadership that emerges in the public housing project, with some training and support, a group of tenants can take charge of their own living arrangements. Lo and behold two things happen: it costs less and the end result is a place that is vastly superior to live in.

I have had a chance to visit in

Chicago with the housing development authority and Vince Lane. What you see are places that have structure and the kind of rules you would want in your own house. The first thing tenants tend to do when they take over is ask the police to come in and move everyone out who is not supposed to live there. Secondly, they ask for some kind of secure arrangement so there is some control over who enters and who leaves. They have control over contracting for heating and plumbing, so you can imagine if the heat goes out they get someone to come out and get it fixed right away because they live there. You see all kinds of things beginning to be organized: tenants requiring other tenants to participate in classes on parenting, housekeeping, job search—something that if you tried to mandate it from an outside agency people would say, "Get out of my face, I don't give you that power."

there is another program that takes that same approach of requiring the people to actively participate rather than simply get something. It has the acronym of HIPPPY. In the old human service framework, when we saw young children, particularly poor children not prepared to start school, we'd hire teachers and prepare those kids so that when they start kindergarten or first grade they will be ready. Bill Clinton (while governor of Arkansas) saw this program working overseas and said, "I prefer an approach where we invest in teaching poor mothers how to teach their children and prepare them for school. Then we end up with families that are stronger rather than more dependent on the next set of professionals we hire to do something for them." The cost was not great, and of

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President Clinton, shown here while governor of Arkansas, accepts a sample of work from a child who participated in HIPPY (Home Instruction Program for Preschool Youngsters) in Arkansas. Children in one Arkansas school district showed a 33-month average gain in scholastic aptitude after 16 months of HIPPY instruction. Arkansas was the first state to use HIPPY, which has since been replicated by several other states. Source: Arkansas HIPPY.

children entering the program only about 6 percent were scoring at or above the national average in terms of school readiness. At the end of the program, close to 75 percent were prepared for school. It is a very different approach—same goal, preparing poor kids to be ready to succeed in school, but a totally different strategy.

Let me mention one other example. The schools in New Haven, Connecticut, became very concerned about two inner-city grade schools that were failing in the way that we see so many fail. They decided that they were going to take a different strategy. They were going to say to parents, teachers and principals, "We are going to turn more power and control over to you. You figure it out between parents and teachers and coordinate it." That was 1968. By the mid-seventies, the students in those two schools were performing at grade level. By 1984 those two schools had the third and fourth highest scores in the entire New Haven school system, and the best attendance record. Finally, by 1990

they caught on, of course, that this wasn't just good for poor kids, this was good for everybody and they switched all of their schools over to the system.

In short, we are talking about government and social services that empower rather than serve. It means giving poor people choices and good information to make those choices much the way the rest of us operate.

The second (principle) is that all of these efforts have to build on people's strengths, what they know how to do, not on what they can't do. Otherwise, we really say to people, "You need to kind of wait around because you are not ready to operate until we can get you fixed by the right group of service professionals," rather than saying to people, "You have the responsibility for your own future and you have some assets and strengths to bring to the game."

When we look at the HIPPY program that Bill Clinton now is interested in turning into a national program, it builds off strengths. It builds off the fact that most mothers really do have some concern for their kids and want them to

"Clients are people who are dependent upon and controlled by their helpers and leaders..."

Citizens on the other hand are people who understand their problems in their own terms.

Citizens perceive their relationship to one another and they believe in their capacity to act.

Good clients make bad citizens, good citizens make strong communities."

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succeed, rather than starting by pointing out to a mother, "You know, you are not very educated and you really don't know anything about educating your kids, so we're going to get someone else to do it for you."

Let me read scripture from (David) Osborne's *Reinventing Government* book. He quotes a man by the name of Tom Dewar of the University of Minnesota and it is about clienthood. "Clients are people who are dependent upon and controlled by their helpers and leaders. Clients are people who understand themselves in terms of their deficiencies, and people who wait for others

to act on their behalf. Citizens, on the other hand, are people who understand their problems in their own terms. Citizens perceive their relationship to one another and they believe in their capacity to act. Good clients make bad citizens, good citizens make strong communities."

So it is about expectations. If people know we see them as disadvantaged, at risk, and learning disabled, they view themselves as flawed and somehow incapable in a world that increasingly demands competence and some sense of self-worth for success.

The third principle relates to the second one. We need a social

contract between the community and those in need that's very different. The old social contract was essentially a kind of father-to-child relationship. And there's probably some child in all of us, and in the past some of these institutions actually could take care of us. Big corporations might, in fact, give us

a good job for life and a pension to retire on. Strong unions might be able to protect our job over the long haul. Government programs maybe could keep some of us afloat. But we all know now that we can't take care of the people we consider our clients no matter how loyal or compliant they are. It is a false promise.

What we need in all these institutions, including our human service arenas, is not a patriarchal contract. We need a partnership. I guess a good example of it is Bill Clinton's New Covenant. The New Covenant said, "Look, all a community can do is provide opportunities. But you or we as citizens then have a responsibility, because we are adults, to use those (opportunities) both to our own benefit and then also to be able to give back to the community."

He had an interesting program in Arkansas. Arkansas has had a miserable education system. So Bill Clinton went out and campaigned and won an extra penny on the sales tax to try to put some more money into education. But then they said in Arkansas, "If you



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are asked to come for a parent-child conference and you don't show up, you're fined. It's not one-way, it's two-way and as a parent you have a responsibility."

Or let stake a tougher one, one I have had to wrestle with a lot. Part of what Bill Clinton has said is any family can find itself without the means to support itself. In our society it can happen to lots of folks. Part of the contract is, "We will (let you stay on welfare) for two years, no more, because that seems like a reasonable amount of time to give a person to figure out a plan to get prepared to figure out the next step." Isn't that kind of rough? A lot of people have come up with some pretty difficult times. But then I started to catch myself. I was beginning to say of people, they are not very competent, they're not very able; I don't have much in the way of expectations. They are victims.

So I tried to put it in my own personal life. I have a brother, a musician. I can imagine my doorbell ringing one day in Detroit and my brother standing there saying, "You know it sort of hasn't worked out, I'm broke, I have come back. Can you give me a place to stay?"

I would say, "Of course, come in."

Almost immediately two things would happen. I would ask him to sleep out around the place. I wouldn't consider that punitive. I wouldn't consider it respectful of his dignity. But more importantly, we would sit down almost immediately and I would say, "What's your plan, what are you going to do now?"

And he said, "I think I could get a degree teaching music here in the Detroit area." I would say, "Good! I will help you."

We would work it out and if I needed to give him money or loan him some money within my means I would do it. That would be fine.

But if he said to me, "It's a jungle out there. I want to stay in the basement. You don't have to give me a lot. Give me \$50-\$75 bucks a week. I don't need a lot to live on and you don't have to see me."

What would my response be? I would say, "No, you can do wonderful things. You are a talented person. I will help you figure out your next step. I will not enable you to drop out and stay in my basement."

I would set a deadline, and when the deadline came I would ask my brother to move out because I would not, for someone I loved, be party to allowing them to simply slip in my basement for the rest of their life. I would indeed have the way I would treat my brother and that, in fact, is exactly the same deal I would want to offer anybody else in my community who found themselves in hard times.

So this economic revolution has radically reshaped our challenge in building bridges out of poverty. We must structure our efforts to assist people to assist them a role as an active partner.



"What we need in all these institutions, including our human service arenas, is not a patriarchal contract. We need a partnership."

NEW CHOICES

"We must structure our efforts to assist people to assure them a role as an active participant, not a passive dependent.

We must build on what people can do so that we begin with success, not focus on their deficiencies.

And we must approach our challenge as adults, extending a hand to other adults where all parties have responsibilities and are expected to contribute."

parent, not passive dependent. We must build on what people can do so that we begin with success, not focus on their deficiencies. And we must approach our challenge as adults, extending a hand to other adults where all parties have responsibilities and are expected to contribute—not as concerned well-meaning parents serving powerless irresponsible children.

the kinds of efforts around the country that increasingly meet those criteria have a few characteristics. Almost all of these initiatives are customer-driven. The people we are giving help to are given control of the resource and given choices in using them. We are familiar with these alternatives. Service people coming back from World War II had two needs: health care and education. For health care we used the old model. We built government hospitals, called V.A. hospitals, we hired government employees to run them and we assigned you to a hospital and we told you where to go. I think in all fairness they haven't been wonderful successes. For education we did it differently. We used the G.I. Bill. We said, "We don't have to build G.I. universities, we don't have to have the federal government hire all professors and run them. We'll give the buying power to you and you go do it."

The other programs that are becoming more and more effective are market-driven. "We will give you some buying power for day care if you are a low-income mother. We will also provide information so you can look at all of the people providing day care, public schools, private providers, churches, whoever provides." Let all these folks go out and compete for your business as a mother or father of a family looking for child care.

Can we do this? This is different than what it took in the old system. Not that we have suddenly changed or done something bad. It's simply that the world around us is changing. My sense is that we can do this because we care deeply. We really do want to see people get control of their lives and escape from poverty. But like Ford Motor a decade ago, we have to start by acknowledging that our world has changed drastically and that we will have to change to if we are to succeed. ■

While this report was being published, Dong Ross was the secretary designate for Employment and Training in the U.S. Department of Labor. At the time of the summit, Ross was the president of Michigan Future.

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Toward Self-Sufficiency: Perspectives from Community Leaders, and Service Providers and Recipients



While many people have opinions about poverty, those who are impoverished rarely are part of the poverty dialogue. Their voice seldom gets heard in the media, in conferences, or in the political arena. As a result, poverty is a topic shrouded by ignorance, clouded by half-truths, stigmatized by intolerance and dehumanized by statistics. A dialogue between citizens who have received social services, service providers, and

representatives of the academic, political and religious spheres provided an opportunity for expressing various aspects and viewpoints of poverty.

Panelists shared their frustrations and limitations, triumphs and accomplishments, and observations and experiences. Perhaps most interesting, participants agreed that those in poverty should take an active role in improving their condition, and make the choices that will affect their lives.

Recognizing assets: A major theme that emerged from the dialogue was the importance of recognizing and using the assets of those in poverty to improve their situation, a concept stressed in Doug Ross' keynote address. Too often these assets are hidden and unused.

"We need to get a sense of empowerment over our situation, that we have potential, that we can heal ourselves, if we are given the possibility to do so," said Irene Daniels, a divorced mother of two teenagers.

Rev. Alex Steinmiller of Focus: Life has noticed a wealth of skills in his work in low-income areas of San Antonio. "Whether I (referring to a hypothetical person Steinmiller may meet during his work) thrive or I survive, there are some innate skills that I've learned. My father, my mother, my *padrino* (godfather), my uncle; someone in that upbringing has taught me some pretty damn good skills to thrive in

Participants

Alan Abramson, Research Associate, Urban Institute; Ralph Bender, President, Bender and Associates; Irene Daniels, Community Activist; Barbara Ford Young, Regional Director of Client Self-Support Services, Texas Department of Human Services; Rudy Garcia, Vice President, Victoria Courts Residents Association; Diane Gutierrez, VISTA Volunteer; Hazel Lowen, President, Lincoln Courts Residents Association; Kevin Moriarty, Director, Department of Community Initiatives, City of San Antonio; Hon. Juan Solis, Councilman, City of San Antonio, district 5; Rev. Alex Steinmiller, Focus: Life.

TOWARD SELF-SUFFICIENCY

order to survive."

Hazel Lowen, who lives with her 12-year-old grandson, has used her skills in community leadership. She is president of the resident association and vice president of the program to eliminate drugs at Lincoln Heights Courts. Lowen has also served her community, assisting one initiative that distributes food to residents.

"Getting involved with your community is the best way to find out about different programs that are available and what they have to offer," Lowen said. She has made use of a variety of programs including a teen pregnancy prevention initiative in which she enrolled her grandson.

Another important tool for reaching one's potential is information. Several panelists mentioned the benefits of the informal network in low-income communities through which residents support each other. Many who received services learned about them through friends or while doing volunteer work.

No newspapers: Such networks are important because information is at a premium in some low-income communities. Often formal information channels, like newspapers, do not serve poor areas. Lowen mentioned that since the closing of one of San Antonio's two daily papers this year, the remaining paper has refused to deliver in the housing projects. "There are a lot of people there that would like to know what's going on around the city."

Choices needed: Choice also plays a large role in empowerment. Without realistic alternatives for bettering one's condition, impoverished persons will not be able to move out of poverty. Daniels, for instance, felt strongly

Key Points

Empowerment

☑ Those in poverty should have the power to improve their condition.

☑ For those in poverty to be empowered, their assets must be recognized, and they must be able to make choices.

☑ Recognizing personal and cultural differences among those in poverty is crucial to developing a path to self-sufficiency.

Barriers to Empowerment

☑ Financial constraints unique to Texas hinder anti-poverty strategies in the state.

☑ The lack of child care is a major barrier to self-sufficiency.

Economic Forces

☑ Reducing poverty requires providing services and addressing the economic conditions that contribute to poverty.

☑ In spite of its rapid growth, San Antonio's low wage structure has kept much of its population from realizing any improvement in its way of life.

Business Requirement

☑ One panelist suggested that businesses that move to San Antonio should be required to meet certain stipulations regarding wages and hiring practices in exchange for any benefits the city may offer.

Three Roles of San Antonio's Government

☑ First, government should work to increase the good-paying jobs in the city, and develop the work force to fill those jobs.

☑ Second, it should provide citizens with information so they can make informed choices regarding the services they will use.

☑ Third, it should work with human service providers so that they use existing resources to their fullest potential and so that additional resources can be acquired.

☑ An effective fight against poverty will only occur when those who wield the greatest influence in society place a higher priority on poverty and the status of children.

NEW CHOICES

about staying at home while her children were young. Without work experience beyond the home, her life changed dramatically when she and her husband divorced following a move from her native Germany to the United States. Daniels has received some job training, but has been unable to find work that would support her family. She would also like to go to college, but financial constraints keep her from doing so.

"I need choices between employment or college or something," she said. "There need to be choices out there."

Kevin Moriarty, director of the Department of Community Initiatives for the City of San Antonio,

however, is not easy. Other barriers to empowerment include the failure of society to respect those in poverty, and to consider poor persons as individuals. "We are human beings," said Daniels. "We have thoughts, we have feelings and we can change our environment, but not by telling us we can't do it."

"I would need for you to respect my experience, my knowledge, and my thoughts and my dreams, not telling me what I experience is not valid," said Daniels. "I have a lot of experience...and I paid for my experience. I paid with fear."

Respecting one's individuality is also important for developing

"We have thoughts, we have feelings and we can change our environment, but not by telling us we can't do it."



Irene Daniels

agreed. "These individuals can succeed if they're given that choice and if they are enabled to make good choices," he said. "Making bad choices for people and forcing them down a road they don't want to take is not going to work."

Respect: Providing choices,

effective anti-poverty strategies. Choco Gonzalez Meza, deputy assistant secretary for Intergovernmental Affairs for the U.S. Department of Housing and Urban Development said, "What is important is what we heard (in the Doug Ross lecture): The ability to customize, and that means recog-

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nizing differences (among people) and respecting them in such a way that you can't create a cookie-cutter solution that fits everyone."

Cultural differences: To recognize one as an individual requires the acceptance and understanding of one's culture. Fr. Stegmiller said that culture and spirituality were vital to enablement. In the Hispanic community, Stegmiller said, the attitude is "My family will benefit when I achieve. I want to achieve in order to give something for my family. This is opposed to the dominant culture which says, 'boot straps policy,' in other words, 'I get what I'm gonna get on my own. I'll do it myself.'"

Another prevalent attitude in the Hispanic community is that people will pick up skills because others want to teach them and share with them. Stegmiller said that while he agreed with Doug Ross' comments about the importance of managing one's life, social skills, and learning on a regular basis, other factors must be considered in the path to self-sufficiency.

"I thought those were very powerful skills, but my point is we've got to tap the culturally ingrained and spiritually ingrained resources of each person," said Stegmiller.

Stress of poverty: Poverty also takes an emotional toll, making basic survival an extremely stressful experience. Daniels describes the physical and mental exhaustion of working at a minimum wage job and then returning home without the energy to create a warm and loving home environment for her children. Comparing her situation with divorce and a death in the family, Daniels said,

"That is child's play compared to the stress factors we have to go



Rev. Alex Stegmiller

through. The danger is there's just too much to deal with at the same time."

Kevin Moriarty, director of the City of San Antonio's Department of Community Initiatives, said of poverty, "The issue is the choices that those parents have to make, very difficult choices that place them under a great deal of stress. The issue is the time they have to spend away from the home as two parents earning the minimum wage or less, and not being capable of taking care of their parents, their children or themselves."

Users of human services mentioned some feelings of frustration they had with the system. Among them were the shame, helplessness and depression they had experienced from standing in a line for two hours to get food stamps.

"We've got to tap the culturally ingrained and spiritually ingrained resources of each person."

"The Texas Department of Human Services lives somewhere between the mandates of the federal government and the appropriations of the state legislature."

NEW CHOICES



Barbara Ford Young

One panelist mentioned the disrespectful attitude of caseworkers.

Effective services: Yet the predominant sentiment was in favor of the services Daniels credits programs she has participated in as guiding her toward self-discovery and greater self-esteem. "No, I don't have a good-paying job, but I have the strength to go out and get it today and that's where those agencies or programs have helped me most."

Among those for whom services have helped reach a level of self-sufficiency is Rudy Garcia, who lives with his wife and three children in Victoria County. Garcia was laid off following 16 years of employment with the same company. After losing his job, Garcia received affordable housing, food stamps and AFDC, or Aid to Families with Dependent Children. Fortunately, Texas had recently expanded AFDC to cover two-parent families through the Unemployed Parent program. With assistance from the San Antonio Housing Authority, Garcia estab-

lished a lawn maintenance business, which employs six other housing project residents.

Child care crisis: One barrier to self-sufficiency, particularly for women, is the lack of affordable child care. Diane Gutierrez is the mother of three children, ages 11, 8, and 1. She lives in public housing and now receives a stipend as a VISTA (Volunteers in Service to America) volunteer, a position she secured after attending job training. Child care problems have plagued her throughout her journey to enter the work force.

"I needed child care for my children and they refused to tell me that I needed to be on a waiting list. I said, 'Well, I need child care because I am willing to work.' They just gave me a hassle about that child care."

Gutierrez received child care when she was in training, but now she has none. Her two oldest children are in school for part of the day, and her 1-year-old stays with Gutierrez's mother.

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Part of the difficulty Gutierrez and others experience is the severe lack of child care in Texas. The federal Family Support Act of 1988 was intended to end the cycle of welfare dependency, and child care was a key component of the strategy. After Texas' JOBS program (the state's version of training and employment for welfare recipients) reached its goals for child care in the first three years, however, the legislative budget office recommended a budget that would serve just 3,600 children in the entire state—2 percent of the target population.*

Barbara Ford Young, regional director of client self-support services for the Texas Department of Human Services, said, "Child care drives the JOBS program. Without appropriate and adequate child care, there would be no education, no training, and no employment for parents."

The Texas Department of Human Services lives somewhere between the mandates of the federal government and the appropriations of the state legislature," said Young. "Very often, the climate between the two is very uncomfortable."

Effect of the economy: While human services may provide opportunities for the poor, the larger economic and political environment has a great effect on poverty. In the late 1980s, Moriarty noticed that economic conditions were getting even worse in San Antonio, especially among children.

"I had to change my focus completely away from providing services in 1989 to several areas," said Moriarty. These areas included

wages, employment, economic development, education, and choice for parents.

"That's a different agenda than looking at child care, elderly care and solving some of these problems, but it became very apparent to me that none of the problems we were dealing with were within our grasp," said Moriarty.



Kevin Moriarty

Particularly troubling was the city's unemployment rate and its low wage situation. "San Antonio really stands alone

in not providing child care to enable" employment for the poor, even among the middle class. The city has gradually grown to 5 percent of the total child care capacity in 1988, but the projected future for child care is only a "modest increase" and still well short of the goal. "You see, not one cent of the state's budget is for child care."

"I had to change my focus completely away from providing services and into several areas."

NEW CHOICES



Hon. Juan Solis

"I believe that we as a community have the responsibility to provide an opportunity for everybody, regardless of where they were raised or born."

among big cities in this country, in the extent to which it experiences both high rates of growth and high rates of poverty," said Alan Abramson of the Urban Institute in Washington, D.C. The low wage jobs and a population with limited education suggest that the city make a genuine effort to improve education for children and job training for adults.

City Councilman Juan Solis provided figures that supported Abramson's concern about education. Of the 5,000 residents of the district Solis represents 62 percent of the adults do not have a high school diploma. Just 2.6 adults have a bachelor's degree, and only 1.9 residents have graduated or professional degrees.

Business requirements:

But the community also has many more than 100,000 jobs and large foreign investments and many services, Solis said. When new businesses and industries come to San Antonio, said Jiles, we

do know what we are able to provide, the city must be just as quick to say, "What are you going to provide to our community?"

Solis suggested that employers be required to offer non-minimum wage jobs and positions with opportunities for advancement after a short start up period.

"I believe that we as a community have the responsibility to provide an opportunity for everybody, regardless of where they were raised or born," said Solis.

Role of government: The role of local government in fighting poverty emerged as a significant question. Abramson said that San Antonio's government collects relatively little revenue, and while the public sector operates effectively within its current parameters, it does very little in the human services area. "The problem in San Antonio is not so much, I don't think, of inept government, but to given it in the first place," said Abramson.

Abramson said that government should not primarily provide services, but should fulfill three roles: coordinator, provider of information to help citizens make informed choices, and capacity builder. As a coordinator, the government has an important role to be sure jobs come to the city and that the work force is trained with those skills in demand. Serving as a source of information, government should guide citizens to the good choices about child care, day care, other needs. Finally, as a capacity builder, government should work as a mediator with the private service community to ensure that day care revenues are spent as effectively as possible through other sources and revenue.

At the same time, a council of regarding funding, not a council of government service coordination, "said

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told by a long-time city official that he thought of the human service community, human service providers, and even citizens as kind of crabs in a bucket. The city didn't have to worry about limiting funds because agencies spent so much time fighting each other."

Lack of interest: The limited resources available to the human service sector points to a broader complication—the low priority given by leaders to poverty.

"Whether we like to believe it or not, Anglo men, unfortunately or fortunately, however you want to look at it—I look at it unfortunately—make the decisions, both public and private in this nation," said Ralph Bender, an architect and urban planner. "Until we get that group of people involved in this particular issue on a massive scale, then nothing is ever going to change."

Bender said he "stood out like a sore thumb" at a conference on children. He said that of hundreds in attendance, 99 percent were women, and among the men who participated, the vast majority were either black or Hispanic.

"I'm personally convinced that every single problem we have in San Antonio, and throughout the nation I might mention, is directly attributable to the fact that we do not...give a damn about children in the United States," he said.

Kevin Moriarty said reducing poverty is less a matter of knowing what to do than having the will to do so. "I think the choices out there are very simple for policy makers and government to make," he said. "I think they're ignored. I think that's intentional, and as Mr. Bender indicated, I think it's a tragedy. Most of those choices are bad choices for children and we need to get on track with good choices for people."

Creating change: Bender has been a guiding force behind the San Antonio Area Amateur Sports Foundation. This group's most impressive accomplishment is helping San Antonio receive the bid for the 1993 U.S. Olympic Festival. Bender would like to replicate the foundation's success on the part of the children of San Antonio. He said an initiative in Minneapolis, "Success by Six," is the model that he will work from in his efforts. "(San Antonio) will be the best city for business, it will be the best city for parents, it will be the best city for mothers, it will be the best city for teenagers, it will be the best city for everybody in this particular community."

"There's only one way you can do that and that's to create a crisis. We're working to make sure that this city is aware that we have an enormous crisis. And when there is a crisis in this community, both the public and the private sector respond."

"I'm personally convinced that every single problem we have in San Antonio, and throughout the nation I might mention, is directly attributable to the fact that we do not...give a damn about children in the United States."



Ralph Bender

Special Taxing Districts for Children: A Powerful Idea from Florida

Several elements are key to effective anti-poverty and human development strategies, but one crucial piece is the financial backing to enable initiatives to function. Without resources, even the most effective and well-run operation will not survive.

Adequate resources enable continuity, experimentation, innovation, improvement, and refinement in the delivery of services. Yet rare is the human service agency that has enough resources to operate at its full potential.

Many unserved: Service agencies have a dual difficulty as a result of not having adequate financial resources. First, they are not able to reach their performance goals. This is a practically universal situation in which businesses and just about all institutions find themselves. Very few of us can claim to be as profitable, productive—or whatever measure used—as we would like to be. But in addition to not meeting their own ideal performance standards, service agencies face an even bigger obstacle in that they can only reach a predetermined segment of the market. For every teen who receives counseling, every mother who benefits from prenatal

care, every child improving work place skills, and every senior citizen participating in an intergenerational mentoring program, there are multitudes more untouched by the social support system.

The law of supply and demand does not work in the social sector. Just because a growing number of unserved individuals exists does not mean—as it usually does in the private sector—that an institution will expand its capacity to capitalize on a new opportunity. In some cases resources actually diminish, either because taxes and other forms of revenue decline in times of increasing human need, or because other priorities are considered to be more pressing.

San Antonio: Financial constraints remain a perpetual problem for human service providers, and show no signs of alleviating. For instance, the entire human services budget of the City of San Antonio is about \$9.7 million, which translates to about \$17 per poor person each year. The United Way of San Antonio and Bexar County distributes about \$11.5 million annually to service groups throughout the area, but that funding is not directed exclusively to low-income persons.² Furthermore, the level of these resources is subject to the willingness of donors to contribute, an uncertain mechanism for raising revenue.

Finally, the philanthropic community in San Antonio has lan-

by James E. Mills

*Executive Director, Juvenile
Welfare Board of Pinellas County*

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fewer resources than do foundations in three other large cities in Texas. In 1991, San Antonio foundations distributed \$58 million, compared to Houston's \$182 million, Dallas' \$127 million and Fort Worth's \$74 million.³

Pinellas County, Florida: Like almost all places, Pinellas County has a multitude of individuals for whom assistance could make a significant improvement in their lives and those of their families. To better meet the needs of the community, Pinellas County set a national precedent that has made a noticeable improvement to the quality of life for all. The county has the largest and oldest taxing district in the country dedicated solely to meet the needs of the children in the community.

Crisis created: The district came about in 1976 as the result of a crisis in the juvenile justice system. With no detention home for their use, juvenile offenders could only be housed in jail with adults. Juvenile court Judge Lincoln C. Bogue sometimes had no alternative but to take neglected, abandoned or abused children into his own home. He sought a better solution, one that would not only solve the housing shortage within the juvenile court system, but also address the forces that led youth to become offenders: family dysfunction, school failure, youth unemployment, adolescent pregnancy, abuse and neglect, and a host of other issues. Bogue suggested building a group home, establishing a system to provide counseling and social workers, and identifying and working with potential juvenile offenders at an early age. His vision was rejected in favor of an unacceptable stopgap measure from the county commission—spending \$250 to repaint the walls

Key Points

Juvenile Welfare Board

✓ The Juvenile Welfare Board is a special taxing district established solely for the provision of services to children.

✓ Since its inception in 1946, the Juvenile Welfare Board has enjoyed wide support from citizens, elected officials and service providers.

Financial Impact

✓ In 1992-1993, the Juvenile Welfare Board will collect nearly \$20 million for the human services sector of Pinellas County.

Functions

✓ The Juvenile Welfare Board coordinates and evaluates services, engages in community-wide problem solving, trains service providers, and advocates on behalf of local human rights ordinances, and on many issues at the state level.

Independence and Flexibility

✓ The resources of the Juvenile Welfare Board enable Pinellas County to act independently in meeting the needs of the community without relying



James E. Mills

on funding decisions made at the state and federal level.

✓ The Juvenile Welfare Board allows Pinellas County to replicate the most successful human service programs in the country, tailoring them to serve residents in Pinellas County.

Children's District in San Antonio

✓ Pinellas County, with a much smaller poverty population and lower poverty rate than Bexar County, spends twice as much on human services than does San Antonio.

✓ Legislation pending in the Texas legislature would enable jurisdictions to establish taxing districts for children.

NEW CHOICES



This school-based health clinic, the first established in Pinellas County, was funded by the Juvenile Welfare Board. In its first three months of operation, the clinic served 987 students, one-third of whom had no regular source of medical care

of the prison.

"Mr. (Ralph) Bender talked this morning about creating a crisis, and the county commissioners created a crisis, and things happened," said James E. Mills, executive director of the Juvenile Welfare Board of Pinellas County. "Those who were advocating for the group home were very discouraged. They felt that everyone who had responsibility to youngsters in the community had backed off. One young attorney named Leonard Cooperman said, 'This is never going to happen again to children in Pinellas County.'"

Innovative response: Determined to make a difference in the fortunes of the county's young people, Bogue, Cooperman, and a group of residents drafted legislation that eventually passed through the state legislature. The legislation allowed Pinellas County to set up a special taxing district for

children's services, subject to approval from residents. Through a referendum, 80 percent of the voters approved the Juvenile Welfare Board, making Pinellas County the first jurisdiction in the country to devote a percentage of their public wealth to families and children.

As an independent special tax district, the Juvenile Welfare Board has the ability to levy a tax on a property in the county to raise revenues dedicated to children. The motion is not reviewable by anyone in the county government, because the board is a governmental body for families and children.

Texas legislation: A revenue system for children has particular relevance in Texas. In 1992 Partnership for Hope, through a visit to Florida, introduced State Rep. Lenora Van de Putte to the concept of the districts. Rep. Van de Putte has since introduced legislation

"Mr. (Ralph) Bender talked this morning about creating a crisis, and the county commissioners created a crisis, and things happened."

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that would allow jurisdictions in Texas to implement their own taxing entities for children. State Sen. Judith Zaffirini is the sponsor of similar legislation in the Texas Senate. If the legislation is passed, Bexar County and all other regions of Texas will have the opportunity to initiate resource funds for children.

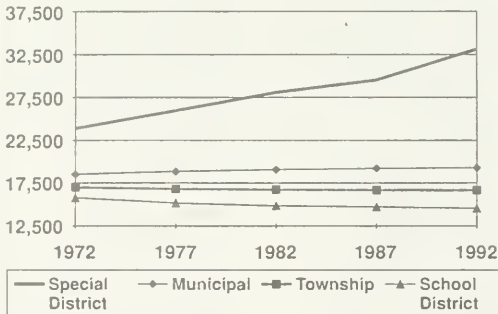
Solid support: These districts would first have to be approved by the voters. If Florida's experience is any guide, children's resource funds could become a reality in Texas. In 1986 general legislation was passed in Florida to allow any county to establish special districts for children's services. Now five other counties in the state have taxing districts: Palm Beach, Martin, Okeechobee, St. Lucie and Hillsborough. These counties range from high poverty areas to locales of extreme wealth. Six other counties have established dependent children's districts, which remain under the control of the county commission. About 12 counties are in the stages of organizing

referendum movements to form districts. Thus 24 of Florida's 66 counties either have or are moving toward some locally based system for collecting and distributing revenues for the welfare of children.

Additionally, in 1990, 67 percent of the voters in Pinellas County approved an increase in the taxing authority of the Juvenile Welfare Board from \$.50 to \$1 per \$1,000 taxable property value, representing a taxing authority of \$30 million. This is even more impressive given that 26 percent of Pinellas County's population of 850,000 is 65 years of age or older,⁴ and that political sentiments lean to the conservative side.

Elected officials share the voters' enthusiasm for the Juvenile Welfare Board. "We get a lot support from our general elected officials," says Mills. "They like the idea that we take care of some of those issues because it really allows them to concentrate their energies more and keeps them out of an area in which they would be first to admit, they have no expertise."

Figure 1: Growth in Special Tax Districts, 1972-1992



Special taxing districts are the fastest-growing type of government in the United States. There are 33,131 special districts, compared to 19,296 municipal governments, 16,666 township governments, and 14,556 school districts. Special districts frequently provide revenues for fire protection, hospitals, flood control, housing and community development. Other uses include cemetery maintenance. Source: U.S. Bureau of the Census.⁵

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"We must actively involve and empower people. They have to have control of the process. And we as professionals have to be ready to pass that on to those whom we are supposed to be serving."

\$20 million: Having a taxing district for children is not common, and only recently has the potential of districts to directly serve people received greater attention. In Pinellas County, the Juvenile Welfare Board contracts with more than 40 organizations providing a wide variety of services. The board does not provide services, as this would affect the neutrality of the welfare board and result in a loss of credibility. "You can't be a service provider and a service coordinator if you're one of the gang," said Mills. "If you're one of the gang why should anyone pay any more attention to you than anyone else?"

Children's needs: The Juvenile Welfare Board has a larger mission, however, than funding agencies. Referring to the panel discussion that occurred earlier in the day, Mills said that the first vision of the welfare board is to have a system that serves the needs of families and children and not institutional convenience.

Mills said, "We exist to try to bring some order out of this incredibly chaotic mess we have gotten ourselves into, of specialized, categorized, partialized, professionalized funding, to bring it to some sort of systematic means so that some of the stories we heard this morning don't have to be told."



The Juvenile Welfare Board is a partner in this federally funded demonstration project that is assessing the capability of runaway programs and transitional programs nationwide.

Issues dealt with by the contract agencies include adolescent pregnancy, family dysfunction, physical abuse and neglect, chronically ill children, emergency housing, and employment and training. In 1992, the Juvenile Welfare Board spent \$19.5 million in Pinellas County, serving 72,129 children, 25,035 families, and 87,901 adults.⁶

Under this philosophy the activities of the Juvenile Welfare Board include evaluation of services, planning specific projects, community-wide problem solving, coordination of services, professional training of service providers, and advocacy on behalf of local human rights ordinances and many issues at the state level.

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Greater influence: On this last topic, Mills says, "Children's services councils have a wonderful lobbying capability because we already have our money. We can talk to state congressmen and say, 'Let's partner.'"

"This power requires leadership, vision and accountability. 'It is an awesome responsibility to have \$30 million of resource capability with no rules,' says Mills. 'You can't blame Washington. You can't blame Tallahassee (the state capital of Florida). Those are discretionary dollars for the community to use.'"

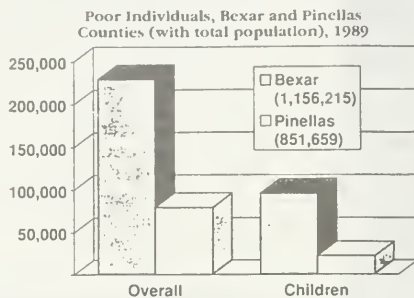
Empowerment: For this reason, community involvement is essential to the success of children's tax districts. The Juvenile Welfare Board consists of juvenile court judges, the superintendent of schools, and the vice chairman of county commission. Five other citizens are appointed by governor.

"We must actively involve and empower people," says Mills. "They have to have control of the process. And we as professionals have to be ready to pass that on to those whom we are supposed to be serving."

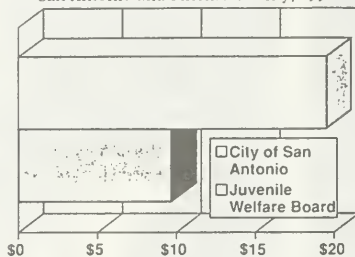
Flexibility: This power translates into great flexibility in the board's operation. For example, Mills recounted how the board was able to assist women who were in training and were in danger of losing their child care. Using its own funds, the board enabled the women to register for child care and remain in school without interruption.

The Juvenile Welfare Board provides 1,700 child care slots to supplement what the state offers. This ability to operate without the constraints of the state legislature allows the Pinellas County to draw down matching federal money,

Figure 2: Poverty and Human Services Spending, Bexar County vs. Pinellas County



Human Services Expenditures (in millions), San Antonio and Pinellas County, 1991



doubling the investment. "If the legislature won't do it, let the people do it," says Mills. "The power that rests here is that people can get together and say, 'We're going to go this direction. I don't care what these priorities are, it makes much more sense...to have three times the day care than what would be allotted us in some state formula.'"

Best programs: This power also allows Pinellas County to benefit from some of the most progressive and successful social service interventions from around the country. The Juvenile Welfare

Even though Bexar County has a much larger overall population and more individuals living in poverty than Pinellas County, in 1991-1992 the City of San Antonio spent about one-half of what the Juvenile Welfare Board dedicated to human services. Sources: City of San Antonio, and the Juvenile Welfare Board of Pinellas County.⁷

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"We must be aware that there are people in this country who are willing to pit seniors against kids to argue over the crust of bread that's on the table to keep everybody busy so nobody asks what happened to the loaf."

Board is able to devote resources to replicate these programs in the community. "We go all over the country stealing the best programs we can find," says Mills. "We call it technology transfer." Thus, the Juvenile Welfare Board is able to provide Pinellas County with an active and innovative laboratory of social change.

Other communities can learn from Pinellas County's programmatic and demographic experience. As a progressive institution, the welfare board stresses prevention and early intervention in its outlook and goals. While this is not a revolutionary approach, many communities have not been able to devote enough resources to resolving smaller problems before they become more serious. In terms of population, Mills says the large elderly community means that, "Pinellas County is demographically the 21st century." Many feel that what is happening in Pinellas will happen throughout much of the United States in the coming 20 years. How Pinellas copes with a graying population, in economic, social and political terms, may provide a window on the future of other communities.

Aging population: On this note Mills says, "We feel that (our aging population) puts a particular responsibility on us to deal with both the programmatic and policy implications of inter-generational conflict. I wish I could tell you some warm stories about this, but we haven't made nearly the progress we would like to have made. But we must be aware that there are people in this country who are willing to pit seniors against kids to argue over the crust of bread that's on the table to keep everybody busy so nobody asks what happened to the loaf."

Self-sufficiency: Another area of emphasis is self-sufficiency. "Our programs, our activities, our policy work must be geared in each and every way to make individuals and families self-sufficient," says Mills, who could not believe the small numbers of state-subsidized child care slots in Texas. "I thought we had problems in Florida, but I don't know how you can mount a self-sufficiency strategy in a state the size of Texas with 3,600 child care slots," said Mills.

"It makes no sense to take away child care from mothers who are in junior college, those people who are in junior college learning those high-wage skills that are going to be most likely to keep them from becoming dependent on the public treasury."

Pooling resources: In addition to looking toward the future and the challenges it will bring to Pinellas County, Mills said it is important to broaden one's viewpoint. Collaboration represents one way of doing this. The county recently worked with the State of Florida, the United Way and the Junior League to establish a state-of-the-art center to help victims of sexual assault that would not have been possible without pooling the resources of these groups.

"We do have the ability to develop programs," said Mills. "One reason people look at Pinellas County and shake their heads is because we've figured out how to make big (programs) out of little ones. Then you reach that economy of scale."

Big problems: This vision should be expanded even further, echoing comments by Kevin Moriarty in the previous panel. Mills said that service providers and anyone working for social change must step back from ser-

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vice strategies and look at issues like the economy, jobs, and affordable and safe housing. "That's a little beyond our realm that we usually think of as service providers, but service strategies don't fix those big problems," said Mills.

Expanding on this theme, Mills said the entire community must take an active role in settling these problems. Social agencies cannot prevail over the economic and social forces that lead to social unrest. Citing Ralph Bender's comments from the morning session, Mills said white males and the business establishment must become active to make more permanent improvements in the community. Indeed, establishing a special tax district for children in San Antonio will require cooperation and commitment from a broad spectrum, including city leaders and the business community, not just service providers and activists.



James E. Mills

This partnership will not only be the determining factor in the formation of a children's district, but also in making an impact on poverty in San Antonio. ■

"It makes no sense to take away child care from mothers who are in junior college... learning those high-wage skills that are going to be most likely to keep them from becoming dependent on the public treasury."

Notes

1. City of San Antonio, B. Bahr, 15 April 1993. Telephone conversation.
2. United Way of San Antonio and Bexar County, *Annual Report for the Year Ended June 30, 1992*, p. 5.
3. Funding Information Center, "The Texas Connection," December 1992.
4. U.S. Bureau of the Census, 17 March 1993. Telephone conversation.
5. U.S. Bureau of the Census, "Census and You," March 1993, pp. 2-3.
6. Juvenile Welfare Board of Pinellas County, Florida, K. Howze, 19 April 1993. Telephone conversation.
7. This represents local resources exclusively, and does not include state or federal funds dedicated to human services. City of San Antonio; Juvenile Welfare Board of Pinellas County.

Model Programs: Genesis, Families Now, and the Center for Employment Training

he themes to look throughout the unit provide a foundation upon which to develop effective anti-poverty programs. Encouraging active participation from service recipients, building on as-
sets of recipients, providing choices, and requiring commitment and personal responsibility represent the next steps toward designing interventions that will lead to self-sufficiency.

These characteristics, however, can be difficult to incorporate into human service interventions. The needs of the service recipient, not the institution, must guide the design and implementation of the program. Recipients must have a close relationship with providers to ensure that complications that may arise are dealt with quickly to mitigate their impact.

Furthermore, the two-way partnership that Doug Ross mentioned in his keynote address applies equally to all parties. Providers must match the commitment that they ask of recipients in order for anti-poverty interventions to work. Institutions must model themselves not after those who designed them but around those they are intended to help.

Three model programs from around the country provided examples of these principles in action. The interventions concentrate on different areas—maternal

and grandparent involvement, employment and training, and child care. All three require recipients to play an active role. The common program objectives (improved employment opportunities, improved child care, and improved child health) are addressed during programs, and following children's improvements in maternal and grandparent involvement statistics are possible because mothers attend various seminars on nutrition and pregnancy, and are more likely to attend doctor appointments.

Assets: The most common link in the assets of those being served. Families Now, a family preservation initiative in Maryland, keeps families in crisis together by recognizing the strengths of the family unit. Working with these assets, Families Now is able to keep children with their families, and reunite children who have been placed in foster care.

Partnership: Commitment and personal responsibility have an important place in the three programs. The Center for Employment Training (CET) in California demands that students attend class daily and on time. In this manner, CET not only develops positive behaviors from students, but also replicates the work environment.

Choices: Perhaps most central to the success of the three programs is their commitment to providing choices to participants.

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Students can enter and leave CET at any time, and have options in the job for which they will train. Families Now has staff on call every day, 24 hours a day. Genesis brings medical care to a region where it had not previously been. These initiatives emphasize flexibility and the needs of recipients, not of the agency. Programs are tailored to the needs of individuals, and give them options.

Proven results: The flexibility of these programs has resulted in improved outcomes. In two years Genesis helped reduce Hillsborough County's low birthweight rate by 1 percent, while the rest of the nation made no improvement during a 10-year span. This enabled the state of Florida to save \$1.1 million in Medicaid payments. Early indications show that Families Now has a success rate of more than 90 percent in keeping children with their families. This resulted in the Maryland legislature moving money out of foster care maintenance and into Families Now. CET has placed 60,000 individuals in full-time work since 1967. Graduates from 1992 will earn \$50 million, pay \$6 million in taxes, and save \$6 million in welfare and unemployment costs in 1993.

Useful models: The success of Genesis, Families Now, and the Center for Employment Training may serve as an example as to how to deliver services more effectively. Reflecting the need for flexibility, however, even the most successful of these initiatives would have to be tailored for San Antonio. Nevertheless, the common characteristics that have contributed to the accomplishments of the initiatives should at least be explored to enhance local human services systems.

Having Healthy Babies: Genesis

Early intervention and prevention are keys to reducing poverty, and one of the earliest stages at which poverty can be addressed is during or before pregnancy. Prenatal care and family planning have proven effective in breaking the cycle of poverty and avoiding the greater costs of low birthweight babies, infant mortality, unwanted pregnancy, and sexually transmitted diseases. Those in low-income communities, how-

ever, frequently have limited access to the health care and counseling that help ensure healthy birth outcomes. Inadequate medical care is but one of many problems those in poverty encounter. For example, residents of impoverished communities frequently experience financial and emotional stress, discussed in the panel earlier in the conference. Transportation is another problem. The lack of child care and education also stand in the way of self-sufficiency. All these factors must be taken into account in order to make a significant improvement



A patient receives prenatal care at Tampa General Hospital.

ever, frequently have limited access to the health care and counseling that help ensure healthy birth outcomes.

More than medicine: Furthermore, medical care alone frequently does not successfully

in a critical juncture of a person's development—birth.

Genesis: The Genesis program in Tampa, Florida, has had a noticeable impact on the health problems of women and children in some of the poorest areas of

Presented by Donna Kozlowski

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By bringing care into the middle of this low-income neighborhood, Tampa General Hospital...sent the message that the hospital was concerned with reducing low birthweight and infant mortality, providing prenatal care, and improving the health of the residents in the area.

the community. In just a few years, an abandoned building has become a thriving health center, serving 2,100 patients and providing 50,000 patient visits annually. More importantly, Genesis has noticeably reduced low birthweight births in the county that had Florida's highest urban low birthweight rate.

Genesis blends the best and most sound practices of basic medicine, social services, community outreach, and education. A collaborative effort between Tampa General Hospital, the University of South Florida, Hillsborough County Public Health Unit, and the State of Florida, Genesis enables patients to take an active role in improving their own health while limiting their need for high-tech and expensive procedures.

Costs of neglect: Before Genesis began, Tampa General Hospital delivered 655 births monthly. Of these babies, 10 percent had medical complications that required treatment in the neonatal intensive care unit. Medical services in neonatal intensive care cost \$1,500 daily for each baby, and the average cost was \$55,000 for the duration of treatment. At any time, the intensive care unit cared for six or seven babies who would require treatment that would cost from \$75,000 to \$100,000. Research has shown that adequate prenatal care saves three dollars for every dollar spent in the first year alone. Additionally, the total savings from avoiding later developmental, educational and social costs associated with low birthweight have been estimated at \$11 for each dollar spent.¹

Barriers to care: The first step in establishing Genesis was determining the elements that would make the program success-

ful. A grant from the Juvenile Welfare Board of Hillsborough County—similar to the special taxing district for children previously discussed by James Mills in the conference—funded a survey of agencies and women in the target population.

The survey showed that 20 percent of low-income women did not receive prenatal care because of financial barriers. Long waits, paperwork and other institutional difficulties prevented 70 percent of the women from receiving care, and 30 percent said no doctors or other health professionals worked in their area. Other problems included inadequate public transportation, the lack of child care, and complicated financial forms. Some women did not feel medical professionals treated them with respect.

Low-income site: Following the survey, Genesis received \$1 million from the state to renovate an abandoned hospital. The 21,000 square-foot facility was located in a low-income area in which a high percentage of babies, 15.6 percent, were born below normal weight. By bringing care into the middle of this low-income neighborhood, Tampa General Hospital addressed the transportation issue and sent the message that the hospital was concerned with reducing low birthweight and infant mortality, providing prenatal care, and improving the health of the residents in the area.

Comprehensive care: Genesis provides comprehensive care, focusing on improving access to a full range of medical, nursing and social services. A staff of gynecologists, pediatricians, ultrasonologists, geneticists, nurses, social workers, and nutritionists ensure mothers and infants receive the

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Donna Kozłowski

care they require. The Genesis facility has rooms for health exams, health education, counseling, and testing.

Overseeing the patient's experience through this range of services is a nurse case manager. Ten case managers monitor the progress of 200 pregnant women throughout the course of a year. Each case manager explains to the patient the purposes of medical procedures and tests, and answers her questions immediately before and after each visit to the doctor. The nurse also refers the patient to other services. For patients who pay for their medical care, the nurse case manager tracks the cost of each visit to the doctor and explains the charges to the patient. Because the mother is fully informed about her condition and that of her child, she is able to take an active role in improving the health of the baby.

Medical services include prenatal, postpartum and gynecological care, assessment of fetal well-being, and well baby and child health care. Genesis also provides

family planning assistance, as well as pregnancy testing and counseling.

Social and educational services include individualized case management, health education, nutritional counseling, coordination of transportation, on-site child care, community outreach and referrals, and training to help non-high school graduates receive their GED.

Payment plan: Eighty-six percent of Genesis patients receive Medicaid. For those mothers without insurance, Genesis offers a financial incentive for mothers to make prenatal care visits. Genesis prices the range of prenatal and postpartum services and the delivery of the baby at \$1,750. Women who do not qualify for Medicaid receive a \$250 discount for each visit they make. Women who make all 10 visits have a bill of \$1,500, payable in 30 monthly installments of \$50.

Patient profile: By virtue of its location and outreach efforts, Genesis has been successful in

Altogether, 103 fewer babies were born weighing less than 2,500 grams, saving \$1.4 million in Medicaid expenses.

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reaching its target population. Studies of births at Tampa General Hospital showed that low weight babies were more likely to come from minority mothers, single mothers, public-sponsored or uninsured women, and young mothers. Genesis' patient mix is 48 percent black, 13 percent Hispanic, and young (28 percent are under 20 years old, and 71 percent are under 17). Fifty-four percent of Genesis patients have less than a high school education.

Progress made: Despite other challenging social and economic obstacles, the preventive steps taken by Genesis have resulted in significant improvements in the health of infants in Hillsborough County while saving money that would otherwise be spent on more expensive forms of treatment. Forty-four percent of all babies born at Tampa General Hospital went into the neonatal intensive care unit if they received prenatal care at other sites, but only 20 percent of the babies from mothers who went through Genesis required such treatment. Just 53 percent of the babies that did not receive care from Genesis went directly into the newborn nursery, compared to 77 percent of the Genesis babies.

\$1.4 million saved: Between July 1991 and March 1992, Tampa General Hospital delivered 77 fewer low birthweight babies and 72 more normal weight babies

than was expected. Altogether, 103 fewer babies were born weighing less than 2,500 grams, saving \$1.4 million in Medicaid expenses.

Genesis also generates cost savings by lowering the percentage of cesarean births. Only 15 percent of mothers who were Genesis patients required cesarean delivery, compared to a 30 percent rate for the county. A vaginal delivery costs just \$2,600, while a cesarean costs about twice that amount.

Low birthweight drop: Perhaps most impressive, the low birthweight rate in Hillsborough County decreased from 8.6 percent in 1989 to 7.6 percent in 1992, while the United States as a whole has had little success in lowering the low birthweight rate. From 1983 to 1989 the low birthweight rate in the United States rose slightly from 6.8 percent to 7.1 percent.¹ Closer to home, in Bexar County, the rate rose from 6.8 percent in 1980 to 7.4 percent in 1989.²

Genesis illustrates the benefits of early intervention and enabling individuals to take an active role in improving their situation. Expensive medical technology is welcome in Genesis, but it is not needed as frequently as it once was. Genesis recognizes that health care does not consist entirely of life-saving techniques. Taking into account the human and social needs of the patient results in good health and good medicine. ■

Notes

1. State of Texas—Lt. Governor's Select Committee on Medicaid and Family Services, *Report and Recommendations*, 1988, p. 17.

2. Children's Defense Fund, *The State of America's Children*, 1992, p. 123.

3. San Antonio Metropolitan Health District, "Maternal Health Indicators, Bexar County Texas, 1970 to 1991," April 1992.

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Keeping Families Together: Families Now

Strong families help their members resolve crises, supply an environment conducive to raising children, and offer a foundation for a person's self-identity. Yet while the importance of families is indisputable, a growing number of families face difficult circumstances. Reported incidents of child abuse and neglect are on the rise, as is the need for foster care. Families in poverty must cope with additional economic stress.¹

The increasing difficulties of families present those working to strengthen families with extremely sensitive and challenging choices. The family remains the basis of American society, and even the majority of families in crisis are best served if they remain together. Successful family unification, however, can frequently happen only with changes in behavior and in the circumstances that led to the crisis. This leads to the question as to what intervention should be used, and how much involvement should an outside institution have in working with the family.

Success in Maryland:

Families Now, a family preservation initiative in Maryland, is one of the most effective programs for keeping families together, and in nurturing safe environments in which families exist. The program operates according to many of the principles espoused throughout the summit: establishing services in the

FAMILIES NOW!



Helping families
develop their strengths.



community, building on assets rather than focusing on weaknesses, and encouraging families to be active participants instead of passive recipients. Families Now serves families in crisis whose children are at imminent or high risk of foster care placement or whose children have recently been placed in foster care, through a continuum of time-limited, intensive, individualized, and in-home services. In its brief history Families Now has been recognized for making

quantifiable progress in keeping families together and reuniting families that had been separated.

Objectives: The goals of Families Now are straightforward: reduce the number of children entering foster care and reduce the length of stay for some children in foster care. "In order to effectively provide family preservation services, one must embrace the belief that most children are best raised within their family of origin," said Jan Butts,

Presented by Jan Butts

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"It's important to have the family identify what their problems and difficulties are, and help the family identify ways that they can remediate the problem."

Families Now program specialist. "You must also believe that all families have strengths that can be built upon."

Furthermore, Families Now, like all practitioners of family preservation, must balance the safety of family members against the desire to keep families together. These goals and concerns are similar to traditional family preservation strategies, but the methods Families Now employs to achieve these goals are different.

24 hours a day: In general, Families Now defines its activities based on the needs of families, not those of the institution. For example, Families Now responds immediately to a family's pressing needs, as opposed to traditional family preservation initiatives that often fail to intervene without delay. Services are available 24 hours a day, when they are needed, not when the office is open. Families Now works in the homes and communities of families, not in staff offices.

Limited duration: Intervention is short-term and intensive, with staff and families working together between five and 20 hours per week. The time limit is made clear to families before work begins, and serves to motivate all parties involved to meet goals in a specified time frame. Families Now has limited treatment objectives; it seeks to resolve behaviors that led to the crisis, not all of a family's problems.

Family assets: Treatment plans are family-focused. The Families Now model recognizes that families have assets that if nurtured will limit the need for further intervention. Families actively participate in the planning and development of service plans,

thus learning how to take an active role in improving their situation. "It's important to have the family identify what their problems and difficulties are, and help the family identify ways that they can remediate the problem," said Butts.

Special needs: The program offers a range of services to meet every family's unique needs. The intensity and flexibility of services require small caseloads: up to six families for each team for short-term (three-month) cases, and 15 families for cases that might last as long as one year. Families Now employs a team approach in its work with families. A social worker and an associate support each other and the family. The associate frequently provides parenting education like child care information, alternative discipline techniques, and child development information, and helps the family receive housing, medical care, or other services. This frees the social worker to concentrate on more therapeutic issues, such as substance abuse. This arrangement fosters flexibility and enables team members to support each other through the emotional stress encountered when dealing with families in crisis.

Flex funds: Teams have access to flex funds, money for emergency expenses that the family cannot cover. Flex funds are used only when two conditions are met. First, funds can only be spent on items that will not pose a problem in the future. For example, a one-time payment of a mounting utility bill debt might qualify for flex funds, but the rent on an apartment that the family cannot afford would not. Second, families must contribute some money to receive flex funds. How much money a family provides is

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arbitrary, but the act of giving something makes the family an active participant that has an obligation to contribute toward meeting its own needs.

Community centers: Not everyone Families Now counsels receives a full range of intensive services. Some benefit from the 14 community-based Family Support Centers throughout Maryland. These drop-in centers provide services to assist families with young children (3 and under), particularly those in low-income communities, to raise healthy families. The centers differ from each other as they are designed to meet the special needs of the surrounding community. The core services include parenting education, health education, referral to appropriate health care services, employability services, recreational activities for parents and children, developmental assessments for children, remediation of developmental problems, and adolescent pregnancy prevention. Persons are free to make use of the centers at their convenience. Over 1,000 individuals were served in 1992.

Promising results: In its short history, Families Now has made substantial improvements in the lives of hundreds of families. In fiscal year 1992, 813 families with 1,693 children at imminent risk of placement were served. Of those

children only 115, or 9 percent, have required later foster care. Families Now costs just \$2,093 per child, compared to average board payment of \$1,800 per child for six months of foster care.

Funds transferred: Families Now has been so successful that the Maryland legislature transferred \$6.9 million from its foster care maintenance resources directly into Families Now. While this was a vote of confidence for Families Now, this move also added pressure. If Families Now did not continue its success in its ability to keep children with their original families, insufficient resources remained to pay for foster care for children who could not remain with their families. Nevertheless, as of December 31, 1992, halfway through the period for which the money was dedicated, Families Now had spent less than one-third of the funds, continuing to strengthen families so that they could safely remain together.

"Clients that I have met and talked to are fully supportive of the program and are able to talk about why it worked for them. Mostly they talk about being treated with respect," said Butts. "They talk about being involved in the process and having a part in the decision-making. They talk about a team that didn't give up on them even when they were ready to give up on themselves." ■

Notes

1. In 1991, an estimated 2.7 million children were reported to child protection agencies as a result of neglect, abuse, or other maltreatment. Nationwide, the number of children reported abused or neglected has almost tripled since 1980, increasing 10 percent between 1985 and 1990.

The three most prevalent problems among families reported for abuse and neglect are economic stress, difficulties in handling parental responsibilities, and substance abuse. Children's Defense Fund, *The State of America's Children: 1992*, p. 62.

Families Now has been so successful that the Maryland legislature transferred \$6.9 million from its foster care maintenance resources directly into Families Now.

Building Economic Independence: The Center for Employment Training

Employment is generally acknowledged as the ultimate vehicle to self-sufficiency. A job enables a person to gain income, personal dignity, and a sense of place in society. That same individual contributes tax dollars that manifest themselves in the services provided by government.

Considerable resources are devoted to making individuals ready for work. One of the main goals of education is to train students for the work place. Governments work to maintain an environment conducive to commerce in many ways, including the operation of services such as streets, drainage and police and fire protection.

Difficulties: The matching of employees with companies, however, is extremely complex and difficult. Two elements are crucial to this process: persons must be willing and able to perform specified skills, and jobs requiring those skills must be available to those individuals.

For this reason, job training in the United States has been a frustrating exercise. Too often, training is of minimal quality. In other instances, a person is trained for a job that does not exist. In each case, the promise of improving one's life through a better job is not delivered.

Selective: Some job training systems favor those who are recently unemployed or high



This machine tool class is one of many at the Center for Employment Training that introduces students to the most advanced technology.

school graduates, excluding individuals whose needs are greatest and whose skills are least developed. This fact is particularly relevant because many job training systems give the impression that they will assist the most impoverished and least-educated members of society to acquire meaningful work.

Working poor: Superseding this, however, are forces that can prohibit the movement of an individual into a better job, no matter how diligently that per-

son may work or the effectiveness of the training center. Without adequate economic growth, good-paying jobs will not exist, and workers with marginal skills will compete with better-trained and more experienced workers. This phenomenon has become more common in recent years, and the phrase "working poor" has become part of the national vernacular.

Thus, those in poverty find it increasingly more difficult to work their way into a better situation, requiring that employ-

Presented by Dan Alfaro and Ruth Corona-Garcia

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ment training mechanisms operate as effectively as possible. To give people a chance for success, today's job training systems must effectively deal with the challenges and educational shortcomings experienced by a great number of impoverished persons, bringing their skills to the level of workers who benefit from more stable and nurturing environments, both in this country and around the world.

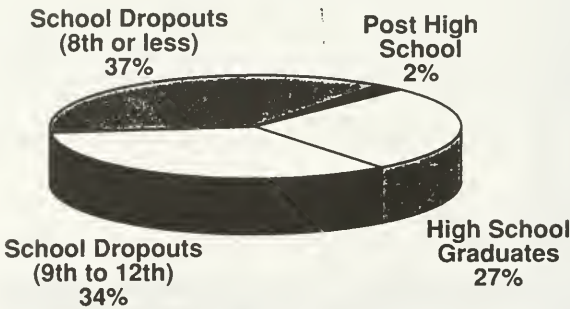
60,000 jobs: The Center for Employment Training (CET) is one of the most successful job training initiatives in the country. Since its inception in a low-income neighborhood in San Jose, California, in 1967, CET has placed more than 60,000 people in full-time jobs. Graduates from 1992 will earn more than \$30 million in 1993, paying \$6 million in taxes, and saving \$6 million in unemployment and welfare payments. Eighty percent of CET graduates are employed in the same job or in a better job one year after completing the training. CET has 30 training centers in five states, and has recently been awarded a \$1 mil-

lion contract to provide technical assistance to replicate the CET model in 10 U.S. cities. CET is even working toward expansion in Belize.

Hard to serve: Even more remarkable, CET has achieved its success by serving only individuals who are often considered too hard to place: high school dropouts, persons with poor reading and writing skills, and those who do not speak English (see Figure 1). Unlike other training centers that seek to screen out those who would be most difficult to train, CET does not test students before they enter the program. Anyone who is a high school dropout, is unemployed, earns minimum wage, or who has experienced long-term poverty is eligible for enrollment. CET trains 2,500 such adults each year. Tuition is \$5,500 per student, paid largely through government grants and corporate donations.

Integrated training: Recognizing that many students have previously had frustrating experi-

Figure 1: Educational Level of CET Students, 1990-1991



Among CET students in 1990-1991, 61 percent either did not speak English or had limited command of the language, 39 percent were migrant or seasonal farm workers, and 14 percent received public assistance. Source: Center for Employment Training, 1991 Annual Report.

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Students rarely leave CET without finishing the training and securing employment, in part because they are not required to attain a certain level of literacy or other basic skill before they can move into hands-on job training.

ences in other places of learning, including school, CET integrates basic education and skill training. In this way, students identify the connection between English and mathematics and the work they will perform. Students rarely leave CET without finishing the training and securing employment, in part because they are not required to attain a certain level of literacy or other basic skill before they can move into hands-on job training.

Before training anyone, CET conducts a survey in the community to find occupations that are in demand and that pay sufficient wages. The program is then designed around those occupations, including machine tool operators, computerized numerical control machinists, sheet metal fabricators, computer operators and technicians, cooks, electronic test technicians, and jobs in building maintenance.

Customized: Each student receives customized training at his or her own pace, for whatever amount of time is needed. Students can enter the program immediately, and leave when they find a job. The only graduation from CET is employment. The average stay in CET for students is six months, ranging from three to nine months. CET also provides a host of support services to students. Among these are on-site child care and assistance in locating affordable housing.

Simulates work: CET offers more than the opportunity to improve one's skills. The program prepares students for work by simulating the work environment. Training begins at 8 a.m. and ends at 3:15 p.m., and students even punch in a time clock. Students receive instruction in life skills, communication strategies, and

work habits. Tardiness and absence are considered serious violations. Students who miss classes are sternly counseled, and are told that if they miss work on the job they will be fired. Students are also told that they will be ambassadors for CET, and that their performance on the job will influence the perception of the organization within the community.

Instructors at CET have 10 to 15 years of industrial or business experience. They often forego higher salaries in private industry or colleges to work at CET. In addition to being technically competent, CET staff must be able to inspire students.

Guaranteed success: "The important thing about our program is that we guarantee success to our students," said Dan Alfaro, CET regional director. "This shocks our students because no one has ever told them that before."

To place students in jobs and improve the quality of instruction, CET has forged strong ties with the business community. An industrial advisory board helps CET develop relevant curriculum, and ensures that students are working with the same techniques and equipment used in the private sector. The advisory board also encourages businesses hire CET students. CET alumni play a similar community outreach role. They inform CET staff about changes in machinery and job leads. Alumni also give talks to classes, relating their own experience and how much CET has meant to them. This motivates students, who can see the outcome of the program.

Community needs: CET was developed based on the genuine needs of people in the community. Dr. Anthony Soto, co-founder of CET, says in an agency video,

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"Through the War on Poverty, many experiments had been tried. Millions of dollars had been poured into the barrios and ghettos of our communities, but something was missing. What was needed was a new model that would incorporate a community-run program: self-help that would get unemployed and unskilled people out of welfare and dependency."

Flexibility: This philosophy has guided the program for the past 25 years. Only through this flexibility could CET be as successful as it has been in communities with different population and economic characteristics. In the late 1960s, the San Jose area was predominately agricultural, and the majority of CET students were migrant farm workers who were illiterate in both English and Spanish. CET's curriculum was designed to meet the needs of these students, and has evolved to fit the changing desires of students and

the community. For example, for many years CET was not too concerned with students earning their high school equivalency degree, or GED, as employers did not require it of their employees. Recently, however, more employers are requiring the GED, and CET encourages students to work towards their GED, which they can do at any CET site.

The Center for Employment Training has a proven history of tapping into the latent skills of many who have been not been served well by the educational system or in other job training programs. CET has given hope and opportunity to many who had none, and has provided an effective model to address one of the nation's most pressing economic issues: the quality of the U.S. work force. Through an approach that aims to meet the varied needs of the student, CET has given an example of how to enable those in poverty to take charge of their lives. ■

"The important thing about our program is that we guarantee success to our students. This shocks our students because no one has ever told them that before."

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Doug Ross, Lila Aguirre and Dr. Robert Jimenez

Summit Participants

Conference Coordinator

Laura A. Calderon
Executive Director
Partnership for Hope

Facilitator

Bradley Scott
Intercultural Development
Research Association

Lila Aguirre
President,
Comisión Femenil de
San Antonio

Chris D. Alderete
Administrative Assistant
State Senator Gregory Luna

Carmen Badillo
Director, Pastoral Leadership
Archdiocese of San Antonio

Mary Beals
Client Self-Support
Program Manager,
Texas Department of
Human Services

Sr. Lucille Belisle, SSCL
Local Coordinator
Mt. Sacred Heart Convent

Mamie Campbell
Member,
Mexican-American Business and
Professional Women

Celia Cardenas
Program Director
Southside Daycare—YMCA

Randi Carter
Executive Director
Bexar County Women's Center

Rosie Castro
Special Assistant to the
Executive Director/Ombudsman,
San Antonio Housing Authority

Elvira Chavarria
Manager, Community Affairs
Levi Strauss and Company

Willie J. Clark
Project Officer,
Bexar County Opportunities
Industrialization Center

SUMMIT PARTICIPANTS

Joyce Coleman
Executive Director
Battered Women's Shelter

Mary Damsgaard
Vice President
Community Resources,
United Way of San Antonio and
Bexar County

Teresa DeLaHaya
Administrative Director
Westside Health Center

Sieve Enders
Senior Vice President
Ambulatory Services
Medical Center Hospital

Apolonio Flores
Executive Director
San Antonio Housing Authority

Cesario Flores
Training Coordinator,
San Antonio Neighborhood
Youth Organization (SANYO)

Marjorie Fortner
Deputy Regional Administrator,
Texas Department of
Human Services

Norma Funari
Executive Director
Madonna Neighborhood Center

Yolanda Garcia
Education Associate,
Intercultural Development
Research Association

Tonia Geissler
Assistant Practicum Director,
Worden School of Social Service
Our Lady of the Lake University

Leo Gomez
Vice President
Governmental Affairs,
Greater San Antonio
Chamber of Commerce

Lorena Gonzales
Program Director
AVANCE

Vernard Grice
Training Coordinator,
San Antonio Neighborhood
Youth Organization (SANYO)

Olga Guerra
Executive Director,
Child Abuse Prevention
Services

Joseph S. Guerrero
Counselor
Healy Murphy Center

Margaret M. Halsema
Counselor,
Texas Engineering Extension
Services

Anthony Hargrove
Executive Director
Ella Austin Community Center

Danny Hernandez
Executive Director
Avenida Guadalupe Association



Leo Gomez and Howard Peak

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Connie G. Johnson
Program Coordinator
Ella Austin Community Center

Dr. Daniel Juarez
Committee Member
Committee For All Children

James Kaston
Director of Drug Education
Alamo Branch—YMCA

Lynn Lambert
CPS Supervisor II,
Texas Department of Protection
and Regulatory Services

Shirley Lawson
Acting Director
Ella Austin Community Center

Lou Lawther
Texas Coalition for Legal Reform

Betty Lopez
Administrative Assistant,
Bexar County Judge
Cyndi Taylor Krier

Helen Lopez
Education Coordinator
Parent-Child, Inc.

Blanca Lozano
Executive Assistant,
San Antonio Metropolitan
Health District

Dr. Elena C. Luderus
Assistant Superintendent for
Student Services,
Northside Independent
School District

Leonor Marquez
Director of Social Work
Centro del Barrio

Jose Mata
Executive Director
Westside YMCA

Gayle Meyer
Executive Secretary,
San Antonio Metropolitan
Health District

Daniel S. Meza
Commissioner,
San Antonio Development
Agency (SADA)

Joann Minnfee
Program Manager,
Texas Department of
Human Services



Betty Lopez and Laura Calderon

SUMMIT PARTICIPANTS



Barbara Ford Young and James Mills

Rolando Morales
Program Manager
City of San Antonio

Al Nolson, III
Executive Director,
Alamo Area Council of
Governments (AACOG)

Howard Peak
Councilman-Elect
City of San Antonio, District 9

Soledad Ramirez
At-Risk Programs Coordinator,
Edgewood Independent
School District

Napoleon Ray
Job Developer,
Bexar County Opportunities
Industrialization Center

Alton Robinson
Committee Member,
Black Professional Leadership
Network

Julian Rodriguez
Executive Director,
San Antonio Neighborhood
Youth Organization (SANYO)

Susan Schleicher
Vice Chair,
Mayor's Commission on
Children and Families

Sr. Jo-Michelle Sierra, SSCJ
Superior of the Community
Mt. Sacred Heart Convent

Dr. John Soto

Joe Tolair
Administrator
City of San Antonio

Gloria Treviño
Lead Instructor,
Texas Engineering Extension
Services

Oralia Treviño
CDA Coordinator
Parent-Child, Inc.

Barbara Troutz
Assistant Administrator
The Salvation Army

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Lt. Col. Arthur D. Tubbs
Director, Commander's Action
Group, Human Systems Center,
Brooks Air Force Base

Gloria A. Valdez
Social Worker,
Southwest Independent
School District

Liz Valdivia
Youth Services Manager
City of San Antonio

Toni Marie Van Buren
Director, Data Management
United Way of San Antonio and
Bexar County

Charles Ware, Jr.
Director, Youth Services
Ella Austin Community Center

Jim M. Weaver
Vice President,
Texas Commerce Bank of
San Antonio

Partnership for Hope Board Members

Barbara Bader Aldave
Dean
St. Mary's University
School of Law

Chuck Andrews
General Manager
KSJL Radio

Arthur Emerson
General Manager/Vice President
KVDA-TV

Sr. Neomi Hayes
Director
Visitation House

Dr. Robert Jimenez
Associate Clinical Professor,
University of Texas Health
Science Center at San Antonio

Choco Gonzalez Meza
Deputy Assistant Secretary for
Intergovernmental Affairs,
U.S. Department of Housing and
Urban Development

David Trejo
Regional Administrator,
Texas Department of
Human Services

Partnership for Hope Staff

Lorena Ayala
Executive Secretary

Randy Capps
Urban Institute Consultant

Alma D. Cantu
Earned Income Credit
Campaign Coordinator

Claudia Garza
Work-Study Assistant

Celia Leal
Receptionist

Raquel Lopez
Volunteer

Dianne Plata
Administrative Assistant

Larry Witte
Public Information Director

Panelists

Alan Abramson
Research Associate
The Urban Institute

Ralph Bender
President
Bender and Associates

Irene Daniels
Community Activist

SUMMIT PARTICIPANTS



*Sr. Neomi Hayes,
Karen Rocha, and
Rolando Morales*

Barbara Ford Young
Regional Director
Client Self-Support Services,
Texas Department of
Human Services

Rudy Garcia
Vice President,
Victoria Courts Residents
Association

Diane Gutierrez
VISTA Volunteer and Drug
Elimination Program

Hazel Lowen
President,
Lincoln Courts Residents
Association

Kevin Moriarty
Director,
Department of Community
Initiatives,
City of San Antonio;
Partnership for Hope Board
Consultant

Hon. Juan Solis
Councilman
City of San Antonio, District 5

Rev. G. Alex Steinmiller
Focus: Life

Presenters

Dan Alfaro
Regional Director,
Center for Employment and
Training
San Jose, Ca.

Jan Butts
Policy Specialist
Families Now,
Maryland Department of
Human Resources
Baltimore, Md.

Ruth Corona-Garcia
Director of Personnel,
Center for Employment and
Training
San Jose, Ca.

Donna Kozlowski
Director, Women's & Children's
Health Services,
Tampa General Hospital
The Genesis Program
Tampa, Fla.

James E. Mills, ACSW
Executive Director,
Juvenile Welfare Board of
Pinellas County
St. Petersburg, Fla.

Doug Ross
Undersecretary Designate for
Employment and Training,
U.S. Department of Labor

Exhibit C

PERSONAL SERVICE

Home care aide

Two pressures – the aging population and the need to cut medical costs – will create a ravenous appetite over the foreseeable future for health care workers who can bring patients home. According to the Bureau of Labor Statistics, home care will see faster growth than any other occupation between 1990 and 2005; demand is expected to double. Besides delivering basic medical care to the elderly, disabled and chronically ill -- monitoring temperature and blood pressure, for example, and making sure medications are taken properly – aides sometimes cook, shop and keep house. Male attendants in particular are needed to care for elderly men and male AIDS patients. Since assignments are temporary, the niche is a natural for entrepreneurs interested in launching a personnel agency.

Average salary: entry, \$4.25 per hour; midlevel, \$10-\$12 per hour; top, \$20-\$25 per hour.

Pros and cons: It should be easy to find work that suits your schedule. But pay is low.

Training: No degree is required. Aides compensated by Medicare have to pass competency tests and take at least 75 hours of training.

Best places: Demand is great in most places, rural or urban.

Other hot tracks: Child-care worker, nursing aide.

Sources: Foundation for Hospice and Homecare/National HomeCare Council, Bureau of Labor Statistics.



SOUTHTOWN

1026 S. Presa • San Antonio, TX • 78210
(210) 534-5558

December 15, 1993

Hon. Henry B. Gonzalez
U.S. House of Representatives
8303 Rayburn House Office Building
Washington, DC 20515-6052

SUBJECT: Public Hearing on Expenditure of Community Development Block Grant Funds

Dear Chairman Gonzalez,

The board of directors of the Mainstreet Alliance of San Antonio has asked me to offer our input regarding the City of San Antonio's expenditure of Community Development Block Grant (CDBG) funds. As a sub-grantee of the city, we offer a unique perspective on the status of the local program.

First, we would like to commend San Antonio City Council for their forward looking action in funding the Mainstreet Alliance's operation of the Southtown Main Street Program.

As part of the Texas and national Main Street Network, we operate under a contractual agreement with the Texas Historical Commission. We are one of ten Urban Main Street programs in Texas. In that respect we are quite unique in that we do not operate in the Central Business District but instead work with the neighborhood small businesses along South Presa, South St. Mary's, and South Alamo. Our service area includes the King William district, the Lavaca neighborhood and the Victoria Courts.

Since our inception in November of 1991 we have been very successful in removing urban blight and in stimulating job growth for this area. We have seen the opening of 28 new businesses, creation of 120+ new jobs, and nearly \$5.0 million of reinvestment. I know you are familiar with this neighborhood and can appreciate our pride in these figures given the economic status of many of our residents.

In the coming year we will be expanding our services to provide assistance to microenterprises as encouraged in the Housing and Community Development Act of 1992. We are also in the process of becoming a Community Housing Development Organization (CHDO) and hope to be an innovator in implementing programs under the Cranston-Gonzalez National Affordable Housing Act.

As you can see, Southtown offers a holistic, community-based approach to economic development. We believe that a neighborhood must have jobs, housing, and necessary services if it is to be a vibrant community.

The CDBG program has gone a long way in helping us help ourselves back to economic

prosperity; however, we feel that the current regulatory morass makes it difficult to fully realize the potential we have. Our success represents the 'tip of the iceberg' of what we could accomplish with increased flexibility and more latitude of in interpretation of the rules.

We believe that the Committee should very seriously look at certifying the entire Main Street program as a national objective. Currently, the National Trust for Historic Preservation oversees nearly one thousand Main Street projects throughout the country. If the projects in low income areas could be certified as fully CDBG eligible I think you would find a tremendous resurgence not only in our inner cities but in rural communities as well.


In summary, we would like to express our willingness to participate in implementing the goals of the 'new HUD' as envisioned by Secretary Cisneros. It is truly refreshing to know that people like the Secretary and yourself are taking active, positive steps to relieve the regulatory burden which is choking us at the local level.

If we could leave you with one thought I think it would be that CDBG and other programs should be focused on outcomes and not on process. Look at the results in Southtown and we think you will agree that CDBG dollars can be effectively be invested in inner cities. Moreover, I think you will see positive proof that non-profit organizations have the capacity and the willingness to take charge of our own communities if given the chance.

Thank you again for your perseverance and concern for the common man. On behalf of the 6,000+ residents who live in the King William, Lavaca, and Victoria Courts neighborhoods, we thank you for your undying concern for our welfare.

We look forward to working with you in the future and sincerely invite you and the members of the committee to visit Southtown and see first hand the progress we have made.

Sincerely,


Sam Gorenz
Executive Director

alamo area council of governments

COMMENTS PRESENTED TO

CONGRESSMAN HENRY B. GONZALEZ, D-TEX., CHAIRMAN
HOUSING AND COMMUNITY DEVELOPMENT SUBCOMMITTEE OF
HOUSE BANKING, FINANCE, AND URBAN AFFAIRS COMMITTEE

BY AL J. NOTZON III
EXECUTIVE DIRECTOR
ALAMO AREA COUNCIL OF GOVERNMENTS

CENTRO DE ARTES
DECEMBER 16, 1993
SAN ANTONIO, TEXAS

I want to express my appreciation to you, Congressman Gonzalez, for giving me the opportunity to appear before you and present AACOG's comments and ideas with respect to some very serious issues and problems that impact the people and communities of this region.

ECONOMIC AND HOUSING CONDITIONS

Let me begin my comments by presenting some data relative to this discussion on community and economic development issues. This set of data speaks to the economic conditions and to housing conditions within the AACOG region, which consists of Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, and Wilson counties, and the incorporated communities within these counties.

It has long been recognized there is a significant relationship between one's economic status and the conditions of one's housing. From the charts we have assembled concerning poverty within our region, you can see that from 1980 to 1990 eleven of our counties experienced a significant percentage increase in the number of persons in poverty within this region. The percentage increases range from a 12.9% to 39.1%. From 1980 to 1990, seven of our twelve counties also experienced a percent change growth of 50% or more. In examining this data, the group most impacted is the youth of the region. From 1980 to 1990, 11 of our counties saw increases in the percentage of the population 18 and under that were classified as poverty--the lowest increase being 17.8%, the highest increase being 46.6%.

With respect to the elderly population of the region, the data

presents a less severe impact upon them as a group. From the 12 counties in our region, only 2 experienced an increase in the percentage of people 65 and over who were classified as poverty. By no means do we want to imply that the elderly as a group do not have significant numbers of their population which are also classified as poverty. But rather what we are saying is that the data does indicate that when compared to the youth of our region, the increases in the poverty status of elderly has not increased as significantly as that of the youth within our region.

The next set of data that we want to present to you concerns housing conditions within this region. Two widely used criteria depicting the housing stock of the region are overcrowding and the lack of plumbing facilities. In comparing overcrowding conditions from 1980 to 1990, through the use of the 1 or more persons per room standard, we see that 7 of our region's 12 counties continue to experience about the same level of overcrowding from one census period to the next. The remaining balance of the region appears to reflect a reduction in the overcrowding factor.

We have also presented the plumbing facilities data collected in 1980 through the census, but are unable to give you a comparison to 1990 because this data was not made a part of the census taking. It is unfortunate that this occurred because lack of plumbing facilities has always been a critical element when considering the condition of the region's housing stock. Without it, we have a less-clear picture as to the housing needs of this region. What is clear, though, is that even without the data on plumbing facilities, the overcrowded condition of housing within the region still reflects a need for significant housing efforts.

This data is primarily presented to you to draw attention to the ever continuing need for expanding efforts through increased resources in addressing the housing needs we experience within this region. As a review agency of federal housing programs, we have first hand knowledge of applications for housing assistance. Our experience over the last 10 years has been that we have reviewed very few housing applications when the need is as significant as it is.

AACOG REVIEW ISSUE

I would like to take the opportunity to request your assistance in a problem that we experience as a review agency. Because we do not receive feed-back from federal agencies as to the action taken or the disposition made to an application for federal assistance, we remain with an unclear picture as to the exact need within our region. Within the State of Texas, there is a clearly defined review system, the Texas Review and Comments System, which has a single point of contact at the State through the Governor's Office. By having a federal agency respond back as to the disposition of an application through the single point of contact at the State, our evaluation of regional needs would be more accurate. Any help or assistance which you could lend to us in this regard would be most appreciated.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

I would next like to address a matter concerning the Community Development Block Grant Program. As you are aware, the U.S. Department of Housing and Urban Development (HUD), as the federal agency charged with overseeing the Community Development Block Grant

Program tracks a performance measure known as the Expenditure Ratio for each CDBG participant. The Expenditure Ratio is a comparison of the State's outstanding letter of credit with HUD and the State's most recent allocation. HUD has set a 1.5 expenditure ratio as a goal for each state or stated another way, an outstanding letter of credit equal to 1.5 times their current CDBG allocation. We understand that only 8 states have achieved this goal to date. These 8 states had an average fiscal year 1993 CDBG allocation of less than \$17.3 million, with a high of \$28.8 million and a low of \$1.8 million. In contrast, Texas received the highest allocation of all participants with \$74.5 million and a Expenditure Ratio of 2.15.

HUD's goal of 1.5 Expenditure Ratio is applied to both entitlement and non-entitlement participants. This may be a realistic goal for entitlement cities and counties because they can plan their projects ahead of time with the knowledge that the funds are guaranteed year after year. However, non-entitlement cities and counties which have to compete for limited funds do not have the luxury of pre-planning since all applications submitted are not funded. In our region, normally 35% to 40% of the applications which are submitted do receive funds. I raise this point not because I disagree with HUD's desire to have these funds expended as quickly as possible, but rather because I ask that as an expenditure ratio is applied, consideration be given to the differences in conditions between entitlement and non-entitlement communities.

CONGRESSMAN GONZALEZ AND SECRETARY CISNEROS

Being here before you this morning, Congressman Gonzalez, also gives me the opportunity to address some matters that should receive

attention. I want to take the opportunity to laud Secretary Cisneros on two initiatives which he and his staff have undertaken.

One of these matters concerns the Secretary's initiative to reduce the paperwork requirement one experiences when applying for any number of HUD programs. This reduction in paperwork should not have an impact on the accountability required in requesting federal assistance, but it should serve to streamline the process which will ultimately have a positive impact upon the constituency the program was meant to serve by initiating very needy and critical projects within a much shorter period of time. While this may not appear to be a very glamorous initiative, it is greatly appreciated by those who must deal not only with the preparation of these applications, but also with the review of these applications as well.

The other initiative which HUD has undertaken is in the development of public housing guidelines which do not penalize people in their continued qualification for public housing after they have achieved an improvement in their income level. HUD has proposed a very sensible approach to this situation. Once an individual has achieved an income level which would have disqualified them from receiving further public housing assistance, HUD is allowing a transition period within which the individual could continue in public housing up to a certain point in the future. The effect of this new policy is that it not only encourages individuals to improve their economic status, it also allows individuals to adjust their way from public to private housing.

I applaud the Secretary on both these initiatives, not only because they are truly needed, but also because they just make good common sense.

And lastly, Congressman Gonzalez, I want to take this opportunity to thank you for all the many times you have assisted us, and in particular for the role you have played in the HUD Work Study Program which AACOG has been a part of for so many years. At a time when the program was left to the discretion of the HUD Secretary for funding, your work and efforts were able to amend the law so that this program area became a permanent part of the law.

Through a consortium of universities and placement agencies, this program has served more than 300 students from the San Antonio Metroplex and 40 other South Texas counties. One factor in the success of this program is that it has been able, through AACOG and the participating universities, to direct the program resources to needy students, and in particular, needy minority students. Evidence of this is that from the participating students, 53% were Hispanic and 23% Black. The significance of these figures lie in the fact that the participating consortium of schools serve a minority rich area of the State. Also of significant importance is the fact that more than 40% of the students who participated in the program are now employed by the agency where they received their internship.

Again let me take this opportunity to thank you personally for the significant role you played in the success of this program. And again let me thank you for the opportunity to present the various matters I have discussed today.

**AACOG REGION
PERSONS IN POVERTY**

	NUMBER		PERCENT		PERCENT
	1980	• 1990	1980	1990	CHANGE 1980 - 90
Atascosa	5,943	8,973	23.9	29.9	51.0
Bandera	895	1,470	12.9	14.2	64.2
Bexar	177,060	229,768	18.5	19.9	29.8
Comal	3,405	6,576	9.5	12.9	93.1
Frio	4,404	5,158	32.3	39.1	17.1
Gillespie	1,893	2,353	14.4	14.2	24.3
Guadalupe	7,196	11,317	15.8	17.8	57.3
Karnes	3,165	4,450	23.7	36.5	40.6
Kendall	1,366	2,190	13.1	15.4	60.3
Kerr	3,455	5,231	12.3	15.0	51.4
Medina	5,045	6,345	22.1	23.6	25.8
Wilson	2,936	4,640	17.7	20.7	58.0

Source: 1990 Census Series No. 4

AACOG REGION
OCCUPIED HOUSING UNITS

COUNTY	TOTAL		1.01 OR MORE PERSONS PER ROOM		PERCENT		PERCENT CHANGE	LACKING COMPLETE PLUMBING		PERCENT	
	1980	1990	1980	1990	1980	1990		1980	1990	1980	1990
Atascosa	8,036	9,940	995	1,252	12.4	12.6	25.8	592	N/A	7.4	N/A
Bandera	2,802	4,180	152	184	5.4	4.4	21.1	80	N/A	2.9	N/A
Bexar	320,639	409,043	29,816	38,450	9.3	9.4	29.0	5,111	N/A	1.6	N/A
Comal	12,958	19,315	787	1,140	6.0	5.9	44.9	156	N/A	1.2	N/A
Frio	4,041	4,129	796	747	19.7	18.1	-9.4	255	N/A	6.3	N/A
Gillespie	5,219	6,711	232	322	4.4	4.8	38.8	115	N/A	2.2	N/A
Guadalupe	15,733	22,663	1,122	1,745	7.1	7.7	55.5	456	N/A	2.9	N/A
Karnes	4,522	4,337	488	425	10.8	9.8	-8.7	381	N/A	8.4	N/A
Kendall	3,801	5,342	188	288	4.9	5.5	53.2	69	N/A	1.8	N/A
Kerr	11,171	14,384	595	719	5.3	5.0	20.8	124	N/A	1.1	N/A
Medina	7,457	9,109	887	874	11.9	9.6	-9.8	488	N/A	6.5	N/A
Wilson	5,429	7,481	547	613	10.0	8.2	12.1	443	N/A	8.1	N/A

Source: 1980 Census of Population and Housing

APPENDIX

December 16, 1993
(Afternoon Session)

Ms. Castillo

TESTIMONY

Congressional Hearing

December 16, 1993 - 1:00 p.m.

San Antonio Housing Authority

Alazan-Apache Courts

My name is Diana Castillo. I live in the Alazan-Apache Courts at 1000 South Pinto Street, San Antonio, Texas. I am the proud mother of 4 children ages 3 to 11. I first moved into the Alazan-Apache Courts when I was 8 years old. My parents were also residents here. The Alazan-Apache Courts is in the heart of the Westside of San Antonio, just minutes away from the downtown area. You can walk from Alazan to downtown. As you can also see, I have lived my childhood and adult life at Alazan. Alazan is one of the largest and oldest public housing projects in San Antonio. It has approximately 900 units and approximately 350 children. Here at Alazan-Apache we are a tragedy waiting to happen every day. There is an unheard cry for help. It keeps getting louder and louder yet the ears continue to grow deaf. Many of the problems that still prevail here are the same ones that my parents complained about to the SAHA managers years ago. Here I am another generation still fighting the same system that does not respect the rights of our residents. My children, still another generation, are now seeing the same problems that we have all faced. Empty promises are all we have ever been given by the SAHA Director and staff. We are still facing major problems, such as, 1. EVICTION, 2. retaliation, 3. monopolizing of job contracts by SAHA friends that

should be for the residents, 4. poor or no security, 5. substandard housing. Let's talk about their eviction procedure. Even though there are procedures for evicting residents, SAHA personnel still continue to disregard or follow HUD regulations. It is not uncommon for a resident to get evicted because he or she publicly speaks out against the discrepancies at SAHA. If he or she chooses to join the Our Casas Resident Council, an organization founded to empower the residents in public housing to help them become self sufficient and independent, he is a sure target. You can bet they will, as the saying goes around here at Alazan, "they will sic the dogs on you". The SAHA managers and personnel will begin to use gestapo tactics to get you evicted. You are labeled a "trouble maker". From that point on and forever more, the SAHA police begin to keep tabs on you. They make false accusations in false reports to build up a case to have you evicted. Now the resident, after being harassed becomes afraid to continue to advocate for resident's rights. It's like I mentioned here- if they don't have a legitimate reason to evict the resident, they began to fabricate a case. They don't let up until they win- sometimes they don't win but many times they do. Residents have a right to be given contracts for jobs in the projects. If you are not a "friend" of SAHA you are overlooked purposely. If you are a resident advocate, for sure- you can bet that your apartment's problems will also be overlooked. Your toilet's sewer can be running out the front door and the SAHA manager is not going to listen to you or send help in respond to your problem. Now, if you hold back on your rent or

charges for repair that are considered legitimate wear and tear, you are also a target for eviction. SAHA is making mega bucks off innocent residents that do not know any better or are afraid of the SAHA personnel. These charges can be anywhere from \$3.00 to \$5,000.00 which was the case of Nellie Bravo, a member of the Our Casas Resident Council. (see Exhibit A. Enclosed). (See Exhibit B- pictures enclosed of resident's apartments that were illegitimately charged fees that should have been acknowledged as wear and tear. SAHA police have used gestapo tactics using thugs to harass residents. (see Exhibit C.)

Their appliances are old and dangerous. Once a SAHA inspector found a gas leak in my stove. I was living at 1108 Vera Cruz at the time. Their housing maintenance man came and checked and said that there was an error in the report the previous inspector had turned in on my stove. He assured me there was nothing wrong with my stove, the next day I proceeded to clean my stove. My stove exploded and almost burned my children and me. As president of the Alazan-Apache Courts, I have had to address many similar problems for our residents. SAHA Executive Director, Apolonio Flores has never agreed to meet with me. I am also the President of Our Casas Resident Council. SAHA commissioners have not wanted to meet with me or my representatives, he has however; wanted to find cause to evict us. These problems are still unresolved. They may just come and remove the stove from one apartment to another inconspicuously so they can "shut the residents up" we have noticed even in the past that SAHA has been given thousands of dollars to improve our living conditions yet we are still in the same mess. WHY/ Why, I ask you are these

problems still prevalent at Alazan and the other housing projects managed by SAHA. The projects are greatly delapidated - some of them, truthfully speaking, should be condemned. Some of the buildings that have been refurbished may have a good eye appeal, but, the inside of these same buildings is still substandard. There is really nothing to speak of as far as a recreational facility here at Alazan. It is unfair and unethical for SAHA to claim the recreational facility at Inman Christian Center which is in the heart of the Alazan-Apache Courts as being one of SAHA'S recreational program sites. Most of the Alazan children go to the Inman Christian Center because they have structured and supervised recreational programs for children of all ages. SAHA has zero recreational activities here at Alazan. Violence is common among our youths, one or two is murdered in a violent activity monthly. Our Casas Resident Council has brought different denominations who have been responded to warmly by the residents. They have brought educational and spiritual programs to our youths. Let me tell you how our elderly are treated by SAHA. For example at the Gonzales and Villa Tranchese Apts, residents have been mugged outside their apartments in their own parking lots, especially when government checks arrive. Their car batteries have been stolen from them. Mr. Apolonio Flores' solution to this problem is for the seniors to disconnect their car batteries every night and carry it into their apartment and in the morning hook it up again. Is this feasible for handicapped and frail seniors. The seniors also complain of having to get

into dark elevators because bulbs have not been replaced. They also point out they are afraid because of dark hallways that also need to have bulbs replaced. Another serious or grave problem here is that sometimes it is 3 or 4 or even 5 days before anyone finds out that a senior has died in his or her apartment. If it was not for the stench they would never know it. I feel that there should be a counselor on the premises of senior apartments to have a more vigilant eye on their needs and cares.

We at Our Casas Resident Council would gladly have the personnel to take care of such a problem. Parapalegics are not immune to the harrassment and gestapo tactics of SAHA personnel. Ms. Margo Neff, a quadra- parapalegic who has been dragged to court by SAHA 4 years in a row. She has never been apprised of her problem, her medical major bills by SAHA. (EXHIBIT D) We have a serious problem here in San Antonio, Texas. I sincerely thank anyone who wishes to meet with me personally, and I would gladly take you or your group and show you first hand so that you may also see for yourselves. In summation of this testimony all I can say is HELP ME.

Exhibit A.

HOUSING AUTHORITY OF THE CITY OF SAN ANTONIO

ALAZAN-APACHE COURTS

1011 S. BRAZOS 78207

(512) 226-9201

NOVEMBER 19, 1993
 (Date)

MRS. MANUELA BRAVO
 c/o 955 S.W. 37th St.
 SAN ANTONIO, TEXAS 78237

TEX NR.: 601

APPL. NR.: 465-21-2231

Dear MRS. BRAVO:

Our records reveal that you moved from Unit Number AL1171
 of ALAZAN APACHE COURTS Project on JUNE 28, 1993.
 Charges and credits have been computed as shown below, and
 indicate your outstanding balance due the Authority to be
\$ 5,299.82.

You are requested to pay the amount immediately. In
 accordance with Paragraph 6, Section B of your Dwelling
 Lease, your deposit has been retained and applied to your
 outstanding balance.

Failure to pay will result in your not being eligible for
 assistance under our Public and Section 8 Programs.

If you do not agree with the items listed below, you have ten
 (10) days from the date above to request, in writing, an
 informal hearing to review the claim.

Sincerely,

Robert Ramirez
 Manager (ava)

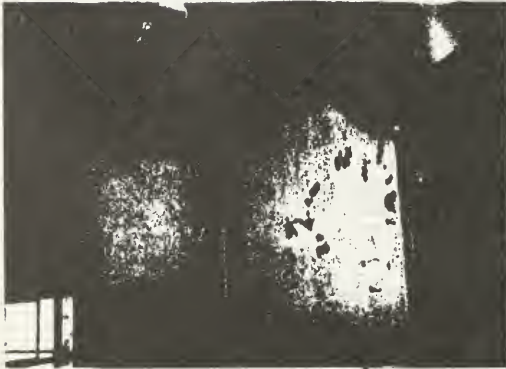
Explanation of Balance:

PREVIOUS MONTHS BALANCE 10/1/93 to 5/93

Rent from 6/1/93 to 6/28/93 \$ 2,132.00Excess Utilities..... \$ 279.06\$ 293.67 OCT. TO JUN**Miscellaneous Charges:**UNSTOPPED BATHTUB DRAIN \$ 10.00LEGAL FEE (JAN. 22, 1993 thru JUNE 1993) \$ 2,834.00MOVE OUT CHARGES (SEE ATTACHED) \$ 188.80**Credits:**Rent \$ 337.71Security \$ 100.00Deposit \$ 100.00Total Miscellaneous Charges: \$ 3,032.80Total Charges: \$ 5,237.53Total Credits: \$ 437.71TOTAL BALANCE DUE: \$ 5,299.82

OUR CASAS RESID COUNCI TEL No.210-433-2787

Jan 5.94 10:30 No.002 P.04

Exhibit B*San S Colorado*

RESID COUNCI TEL No.210-433-2787

Jan 5.94 10:30 No.002 P.05



OUR CASAS RESID COUNCIL TEL No.210-433-2787

Jan 5.94 10:30 No.002 F.06

Exhibit C

SAN ANTONIO POLICE DEPARTMENT
Incident Report SAID Form 1 (01/90) PAGE 1 OF 1 (11) Case Number 92/357847

(2) TYPE OF REPORT
Check Appropriate Box
☒ **Assignment Report** ☐ **Administrative Report** ☐ **Abandoned Vehicle**
☐ **Supplemental Report** ☐ **Private Property Accident** ☐ **Impounded Vehicle**

(3) ROUTING OF REPORT
Check Appropriate Box
(Original to Bureau) ☐ **Homicide** ☐ **Theft** ☐ **View** ☐ **Intelligence** ☐ **Training** ☐ **Other**
☐ **Robbery** ☐ **Burglary** ☐ **Narcotics** ☐ **Municipal Court** ☐ **Crime Analysis**

(4) Offense/Event Dist Civil (5) Location of Offense/Event (Full Address Including ZIP) 1011 S. Brazos (6) District 2360

(7) Date of Occurrence (MM/DD/YY) 7-3-92 (8) Month of Occurrence 0830 (9) Reporting Officer / Badge V. Rodriguez 741 (10) Date 7-3-92

(10) Business Name _____ (Full Address Including ZIP) _____ Phone _____ (11) Approved By _____ Name _____ Badge _____

(12) Code C = Complainant R = Reporting Person W = Witness M = Manager/Owner G = Guardian/Parent O = Other
B = Buils D = Day N = Night

Code	Name (Last, First, Middle)	Title	Full Address Including ZIP	Phone	Time
C	Mendoza Lori		Residence 1011 S. Brazos	2203238 8	
	Race <u>W</u> Sex <u>F</u> Age or DOB <u>8/1/58</u>		Business 1011 S. Brazos	2203238 8	
			Residence		
			Business		
			Residence		
			Business		
			Residence		
			Business		

Injured Person Code _____ (13) Victim Taken To _____ (14) Transported By _____ (15) Describe Injuries _____ (16) Condition _____

(17) Code AP = Arrested Person SP = Suspected Person FC = Field Contact

Code	Name (Last, First, Middle)	Alias	Full Address Including ZIP
SP	Brazo Manuel	A.H. 222059	1001 S. San Jacinto
	Race <u>L</u> Sex <u>F</u> Age or DOB <u>8/10/60</u>	Hair <u>Blk</u> Eyes <u>Grn</u> Height <u>5'0"</u> Weight <u>140</u> Charges	

(18) Details
Camp states that she was in her office doing some work. When some one came knocking at the office door. Camp went and unlocked the door and found SP-1 with her sister and two (2) other women at the door. SP-1 sister wanted camp to go out and see what someone did to a vehicle (see case # 357876). Camp asked if they had already called the police, they said no. Then the women with SP-1 start to yell at camp as to

USE BACK SIDE FOR ADDITIONAL DETAILS

-10-

USE BACK SIDE FOR ADDITIONAL DETAILS

ESPANOL NEWSLETTER 2/93

Our Casas

submitted by Our Casas Resident Council

Public housing residents are succeeding with resident management initiatives in spite of attempts from public housing management to defeat their mission. These residents are members of Our Casas Resident Council, a management organization comprised of residents of San Antonio Public Housing who are trying to empower themselves and inspire self-sufficiency—responsible autonomy to govern themselves and manage their own housing projects. Our Casas Resident Council was started by residents of 12 public housing projects and with the help of a former public housing commissioner. Public Housing management has been doing everything in its power to squish this group and its mission (to empower the tenants).

Diana Castillo, the President of the Alazán Apache Resident Association, has been trying to get contracts for the residents of Alazán Apache Courts to do the painting, the make-ready of apartments, and the landscaping so that residents can get money

the idea of resident management and homeownership for the people of public housing is an idea whose time has come, and no person, no obstacle, opposition or force can keep it from happening...

to pay their rent. She also fights for tenants rights and advocates on behalf of people to prevent their eviction. The other day she received a threatening letter for her eviction for not paying some apartment repair bills, which in fact, were ordinary wear and tear replacement for which the Housing Authority gets millions of dollars. But the Housing Authority always tries to extract money for this from the poor residents themselves.

* Marga Nellie, a quadriplegic, has been fighting to stay in her apartment for the last four years. A member of Our Casas, she is trying to get a reduction in her rent because of her extensive medical bills, as required by Housing and Urban Development (HUD) policies and regulations.

Ruben Maciel has been living in public housing for close to twenty years. Ten years were spent at the Cassiano homes and the other ten at the Alazán Apache Courts. At age fourteen, he founded a youth group at the Alazán Apache Courts and was president of that group for four years. While living at the Alazán Apache Courts, he sought the position of president of the Resident Association and won. He was reelected the following year. Fourteen months ago he was given a unit at the Alazán Apache Courts by its manager. The manager knew he had no income at the time and had no children. But she told him she

would give him a unit under the conditions that he help her run a unit against Our Casas Resident Council candidates at the courts.

After he joined Our Casas and would no longer do her bidding. So now she is trying to get him evicted. He is making accusations that he has plotted to kill her. She says that he has painted graffiti on the walls. She has

Exhibit D

accused him of many other things which have occurred at the Alazán courts. He has been in public housing for twenty years and therefore, he knows that this is the way San Antonio Public Housing Management works. Had he been really guilty of these accusations, the residents would not have elected him vice president as they did this year. He is very outspoken and tells it like it is and asks questions which management does not like.

Housing Management does not want the people or residents educating themselves or learning about their rights as residents. Management feels that if the residents are kept in the dark they can control them. Mr. Dario Chapa, who is serving as Our Casas' executive director, states "the idea of resident management and homeownership for the people of public housing is an idea whose time has come, and no person, no obstacle, opposition or force can keep it from happening." If and when the residents become independent and self-sufficient there will be no need for management to rule their way of living. Their funding is very meager—\$12,000 over the whole year—and therefore they are in need of training funds and community-wide support for their cause including volunteers to help them.

Public Housing was and is intended as temporary housing accommodations for people down on their luck, who at present cannot find affordable housing, whether on a homeownership or rental basis. The Our Casas Resident Council mission is to educate and train these people so they can become self-sufficient and be able to move out of public housing and acquire an affordable home.

Under the Resident Management plan the residents would manage their own housing projects and managers would sell units to residents who wanted to buy their own unit instead of paying rent indefinitely. (Often residents pay many times over the initial cost of building the apartment they live in.) The resident managers could also, through job training and job placement make residents capable of buying his or her own home through one of the affordable housing programs.

The members of Our Casas Resident Council aim to be at the forefront accomplishing their mission by providing the residents with the expertise, the technical assistance, the education and training that is necessary to help them accomplish their goals and objectives.

Since this article was written Ruben Maciel has been evicted but he vows he will appeal his case until justice is done. Meanwhile Nellie Bravo won her case against being evicted by the Housing Authority.



Esperanza has just published the 1st edition of a directory of over 100 pesos, social justice & environmental organizations in the San Antonio Area. The 40-page booklet is a handy reference for organizations and individuals.

**AVAILABLE AT THE
EPJC FOR ONLY \$5.00**

(Free to all network organizations)

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8 LA VOZ MARCH 1993

* Marga Nellie

Emilio/Beatrice Aguinga 1004 VERA Cruz (Alazan Apache Courts)
 Client owed \$5.10.00 towards rent. Client went to court on
 9/6/93 and the court ordered SAHA to recompute the Aguinaga's
 rent Client reported to housing authority that her husband was
 no longer working which would have lowered her rent
 considerably SAHA refused to honor the court order Subsequently, her
 rent kept increasing because the Housing Authority never adjusted
 it This resident had really made an effort to seek help, but at the
 time, participating agencies were out of funds. I personally spoke
 with the housing manager, and at that time, the manager assured me
 that he would work something out with the resident.

Two (2) weeks later, the client called to inform me that she
 was told to move out by 5:00 o'clock that day (October 15). The
 Resident had again requested more time, but the housing manager
 advise her that he had already given her enough time and that he
 could not wait. The client had no other alternative but to move out.

Ernesto/Consuelo Castillo 707 Mirasol (Alazan Apache Crts.)
 On May 26, 1993 client recieved notice to vacate for non-payment
 of rent. On that same day, I requested an informal hearing, we met
 with the housing managers aide (Allica) According to the managers aide
 she had not adjusted their rent because she had not received verificatio
 from his employer and this verification was still missing. She also
 stated that as soon as she received verification she would recalculate
 the rent and credit it to her next month's rent. She had reported to the
 housing authority that her husband hadn't been working enough hours due
 to bad weather. Since then, her husband has been transfered to another
 job, making it more difficult to acquire verification.

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Also, adding to there problems, her 12 year old son was the victim of a drive -by-shooting and was shot, and due to her son's accident; her husbund has had several absences from work and thereby earning even less money but the housing authority has refused to lower the rent accordingly. This inposition on the tenant of having wait for employer verification to SAHA before their rent is adjusted has resulted on Evictions since Employers are not under the gun to produce any verificat if they choose not to.

I Stongly believe, if the housing authority, would give the residents enough time or alternative ways of paying there rent (offering Maintenance contracts etc.) they would be in the bussiness of providing housing and not creating homelessness. It appears that instead of trying to help the resident with there problems, the SAHA, adds to the residents frustrations by creating additional problems.

PAGE 3

Gloria De Leon/ Francisco Cardona 1612 Gatti Way (San Juan Homes)

On October 14, 1993 client received a notice to vacate.

on October 15, 1993, I called Mr. Flores (housing manager) to file for an informal hearing on Mrs. DE Leon case. Mr. Flores advise me that we can not file for informal grievance because her case had already been sent to the main office and was being review. He also stated that as far as he is concern, that case was in the process of going to court, and for us to wait until we get a subpoena. This client case was transferred to Legal-Aide for further assistance. Client was being evicted because her son's friend, whom was being followed by police, came to her apartment and a few minutes later he was arrested and found with a balloon containing heroin, this happen on September 1st. The client suffered a stroke on August 6th and was hospitalized and later transfer to a nursing home. At the time of the incident, client had no knowledge of this. Mrs. De Leon son was also J.P. court (Justice of the Peace), after hearing testimonies of what had occurred judge ruled on the housing authority favor. This case has been appeal.

Isabel V. Espinoza 3216 Tampico (Villa Veramendi Homes)

On October 15, 1993 client received a notice to vacate her house because non-payment of rent . She owed \$2.34.00 On that same date, I filed for an informal grievance to discuss rent arrears. We went to the office to request an informal hearing, the clerk setup an appointment to meet with Mr. Garcia on October 18. On 10/18/93 we had the informal hearing and was given a brief summary of the final disposition. In July, according to the resident she had voluntarily gone to the housing authority office and reported that her son and her grandson were going to be taking care of her apartment. Mrs. Espinoza was going to be

PAGE 4

to be taking care of her apartment. Mrs. Espinoza was going to be taking care of her grandson while her son worked. Client claims that she advise the housing authority amnaquer -aide that her son doesn't have a steady job. And that he won't be moving in until August.

At the time the housing manager advise Mrs. Espinoza that her grandson could not stay with her son because he had no legal custody of his son. Since her grandson can't stay with them, her son decided he no longer needs to move in with his mother. Her rent was never the less increase from \$21.00 to \$166.00, client has 0 (zero) income. Mrs. Espinoza stated that she went back to the housing authority and advised them that her son never move- in with her, she has document paper's stating that hher son never move-in . During that time, the housing authority manager-aide was transfered else where and since they were written in shorthand and no one else was assign was to her case since no one ever took action on her case and the rent kept increasing. On October 18, 1993 I filed a grievance for an formal hearing at the main office, according to the housing attoreny (Irene) we have 5 days to deposit the same amount of rent in an escrow account before we file for formal hearing.

Mrs. Espinoza had really made an effort to seek some help at serveral agencies but at the present time the agencies were out of funds. Since my client couldn't find any available funds, she has no other alternativ but to wait to go to court and let the judge decide in the best interest of the court.

I really believe that all this could be avoided, if the housing authority would have taken action and ajusted her rent. At the time they were notified of the change.

Bike police on the way to projects

By **SUZANNE McCAULIFFE**

Staff reporter

Police on bicycles soon are to be added to the crime-fighting agenda in public housing complexes where a violent summer is feared.

City Councilman Walter Martinez, disturbed by the recent rash of killings in the Alazan-Apache Courts and other public housing projects, Monday assured members of Our Casas, a residents' association for tenants of local housing projects, that efforts are being made to beef up security.

The West Side councilman urged residents to join government agencies in the fight against crime.

Martinez said the police "Park and Walk" program through which officers park their squad cars and walk through high-crime areas of complexes will be augmented by an expansion of the police bicycle patrol that has been successful in the downtown area.

"I had requested several months ago that a merger between the Park and Walk program and the bike patrol be studied and utilized in fighting crime," Martinez wrote in a letter to Our Casas President Mary Lou Castillas. "Implementation will begin immediately upon delivery of bicycles and assignment of officers."

In the letter, Martinez stated he has also asked City Public Service to assume responsibility for lighting in public housing projects. Currently, the San Antonio Housing Authority and CPS share responsibility for outdoor lighting in and around the projects.

He has also asked CPS to trim trees and bushes that obscure some security lights in the projects.

Martinez said residents and government must create "a problem-solving partnership that mitigates crime and improves the quality of life in our neighborhoods."

"Police cannot solve crime alone. Citizens and resident organizations must work in tandem," he said.

Public housing complexes have been the scenes of numerous murders in recent weeks.

KILLING: Alazan-Apache

(portion of article)

KILLING from A1

The mother-in-law of San Antonio Patrol Officer Fernando Jimenez, began her fight to leave the Alazan-Apache Courts last winter after her young son Juanito was wounded by the pellets of a drive-by shotgun blast, neighbors said.

"Look at all the kids around here," said East Side community activist T.C. Calvert as more than 20 children gathered at the back porch where Maria Martinez died in the arms of her cousin, who had carried her there from the car where she was shot. "In the last week they've seen this at least four times. At the least, the bawling and crying should have someone come to clean up the blood."

Police were investigating three drive-by slayings that have occurred in the same blocks of the Friday night drive-by murder since June 7. The rush of violence boosted the num-

ber of San Antonio homicides to 98 this year.

Mark Anthony "Flaco" Martinez, 21, and his mother, Diana Martinez, 37, were killed at 10 p.m. June 7 during a quarrel with another family. They are of no apparent relation to the latest murder victim.

The bullet-riddled body of Alberto DeLeon, 21, was found Sunday in a field near his home in the 1200 block of South Colorado.

Last weekend, eight people died violently in San Antonio and Mayor Nelson Wolff held a news conference Sunday urging San Antonio citizens to lay down their weapons and "cool it."

Wolff and Walter Martinez viewed at Thursday's council meeting to install extra lighting in

the Alazan-Apache Courts, build fences around units and help negotiate tenant agreements to prohibit guns and outdoor drinking in the area.

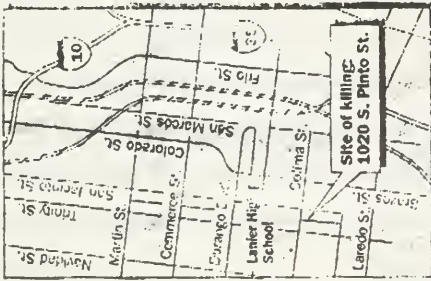
Police patrols already are concentrated in that area.

"It's all a matter of resources," Walter Martinez explained to angry residents during the council meeting. "It's all a matter of how many officers (are available) and how quickly it will be."

Chapa said Maria Martinez approached the councilman Thursday about her fear for safety.

"She's been asking him for a year," Chapa said. "He no longer has to worry about it. She's lying over there dead."

Walter Martinez could not be



reached for comment late Friday.

(MS. LOWEN)

TESTIMONY

Congressional Hearing

December 16, 1993 - 1:00 p.m.

San Antonio Housing Authority

Alazan-Apache Courts

Ladies, gentlemen, distinguished panel, and Honorable Congressman, Henry B. Gonzalez...thank you for the opportunity of addressing you today.

My name is Hazel Lowen. I have been a resident of the Lincoln Heights Courts for a number of years. My husband Alan, now deceased, and I first lived in public housing back in 1945; we left in 1958 when he was in the military and was transferred overseas. My husband was discharged from military service and fell on bad health. We came to live at Lincoln Heights in 1987. My husband was president of the residents association until 1990 when he died of a massive heart attack. He was dedicated to helping people. He was a good man.

A while after his death, I didn't do much and didn't care much and then one day, it just came to me that Alan would have wanted me to continue the help he had started. And that's when I began my involvement as a resident helping other residents through the San Antonio Housing Authority Resident Association.

I want you to know that today I live at Lincoln Heights Courts by choice because this is where I am needed. This is where I can make a contribution. I know that I can make a difference; I know that I can give youngsters hope and elderly residents a sense of security in knowing someone is there to look out for them; and to work with the management of the San Antonio Housing Authority in their behalf. As President of the Resident Association at Lincoln Heights Courts, I have had the opportunity of working with the S.A. Food Bank in bringing commodities on a regular basis to our residents, coordinate needs and serve as a source of referral for various assistance programs, schedule events for the "Just Say No To Drugs" Clubs, Boys and Girl Scouts, and organize holiday functions for our elderly residents. We have had an ongoing rapport with the Church Women United who have helped us so much; they have even secured a television and VCR for the youngsters to keep them occupied with various educational programs; and, community agencies like Victory Outreach, the YWCA, Parent/Child, Inc. Daycare, AVANCE, and the Texas Department of Human Services whose staff has helped with education on adolescent pregnancy prevention. You should also know that the Comprehensive Services Design Team, a group of volunteer agencies that have joined to support and provide services to residents of SAHA and Lincoln Heights Courts, will hold a four-hour long

Financial Aid Workshop next month on January 15th, at the Westend Multi-Purpose Center. Together with SAHA staff, we hope to reach students in the eleventh and twelfth grade, people who have their GED or are working on their GED, complete financial aid forms; we are trying to help them get assistance so that they will be able to continue their education. This is another first for us and we are very excited about this project. We hope to continue encouraging residents' educational plans.

Working hand in hand, residents and management of the San Antonio Housing Authority have numerous projects on our agenda with emphasis on resident-owned businesses such as our In-Home Daycare and Laundry services and a lawn care service which employs an additional six residents. Joint efforts by the Resident Association members and SAHA management has resulted in many accomplishments for residents of public housing and especially at Lincoln Heights Courts. We have done a lot and we have more yet to do. We hope to improve other provisions already in place made possible by SAHA and other community entities. As an example, we need for the City of S.A. to provide more San Antonio Police Officers to help with crime prevention, explore the possibility of a City-sponsored daycare for young mothers who want to go back to school as well as work, and perhaps, an additional playground for the resident

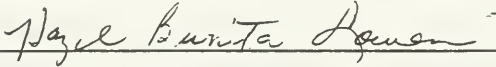
kids. We would like to see some exterior painting and replastering of buildings, interior painting especially for elderly apartments (most are physically unable to paint their own apartments), sidewalk repairs, ramps for elderly units, and security fencing for entire developments (to deter unauthorized people on SAHA property).

Because the needs are so great, I can't stress enough the importance of bringing these issues to the forefront; these are people's needs and areas of concern very close to my heart. We're talking about my friends, my neighbors...and how you can make a difference in our lives. How you, how we can give hope to an otherwise futile situation. We all need to help each other. That's why I appreciate the opportunity of addressing you this afternoon. That's why we want you to know how life is in public housing, how we work very hard together with SAHA...what Apolonio Flores, Executive Director of SAHA has done to bring about so many of these accomplishments. For years, Mr. Flores has been there for us. Under his guidance, residents have come to know that family self-sufficiency empowers residents with education, job skills, and a positive self-image. Because he believes in us, we have resident businesses like lawn services, janitorial cleaning operations, a washateria, and the chance for residents to gain on-the-job training while employed at several of SAHA's development offices. Under his guidance,

residents have come to know that family self-sufficiency empowers residents with education, job skills, and a positive self-image. We know the difference more money can mean to the San Antonio Housing Authority. But, budget limitations restrict what he can do for residents of public housing.

Hearings like this gives us an opportunity to let you know what organizations like SAHA and people like Apolonio Flores are doing for residents like us. Beyond a place to live, it's about commitment and caring and giving. Giving us not only hope, not only a dream, but a real start...and now that we've started, please let us continue to go forward...together.

Thank you.

A handwritten signature in cursive script, reading "Hazel Lowen", written over a horizontal line.

Signature: Hazel Lowen

December 15, 1993

(MR. GARZA)

TESTIMONY

Congressional Hearing

December 16, 1993 - 1:00 p.m.

San Antonio Housing Authority

Alazan-Apache Courts

Good afternoon ladies, gentlemen, distinguished panel, and Honorable Congressman, Henry B. Gonzalez. First of all, let me thank you for giving me the opportunity of being here today.

My name is Oscar Garza. I have spent most of my adult life in and around public housing. I have lived as a resident of public housing and have coached resident youngsters in all kinds of sports. I am proud to tell you that if there is anything I can do in this life to help a fellow resident of public housing...you can bet I will. I have dedicated my life to carrying on what my younger brother, Isidro Felan, started. He coached kids in sports so that it would give them something else besides crime and drugs. The thing about it is that he lived his life for kids and his life was taken by kids. He was beaten to death by kids...just for a pair of shoes. Which proves the point that we must give our kids the love, attention, and education they need so much so

that they will have something to live for and so that they will learn life is a precious gift no one has the right to take away. It is up to us, the parents, to give our children at least this much. We need to do all we can working together to try to bring about a change...a hope...for a better life.

The way I see it from my experiences, the most important thing we can give each other is respect...respect for ourselves, for each other, for our families. Without respect, we are nothing. SAHA has played a very important role in my life. It has given me and my family a chance for a way up, not out; it has given me a job with a purpose. For years, I had done volunteer work coaching kids from public housing. Now as Sports & Recreation Coordinator, I am being paid for what I had done free for years. And, I am proud to be a positive role model for the kids. That's what they need, something good, something decent, to look up to and work towards.

I can tell you there are a lot of things that SAHA has done for the residents of public housing. By giving residents a chance to learn job skills, tutoring youngsters with their school work and adults help in getting GEDs so that they can give themselves and their families better...that's what "Family Self-Sufficiency" means to us. It's giving the

entire family hope to do better, a sense of pride of ourselves, and the way for dreams to come true for our future...our kids.

If I had to concentrate on one of many problems we face in public housing, it has to do with crime, gangs, and violence. One answer has been the SAHA Sports and Recreation Program. We have been able to impact on youngsters' lives and their parents' lives by involving them in this program. We have been able to give youngsters an alternative to something constructive other than drugs, gang activities, and just 'hanging out' with the wrong crowd. When we take them under our wings, we...residents and SAHA management staff, take them away from the crime element that is very strong. Filling up their time with organized sports makes them change their lives. Instead of being out on the corner, waiting for something bad to happen, we have them with us in a Recreation Hall, or in a school gym, or at a basketball court...but we are there with them...teaching them the right way...they are not alone. We give them attention and guidance. But, there is only so much we can do. In order to do more in this area, we need more money. Apolonio Flores has been more to us than just an Executive Director of the Housing Authority...he has been our friend...he cares about what happens to us and our families...he has shown us that we matter. But, more than

his compassion, we need to tell you that we need your support to continue these efforts of family self-sufficiency and sports and recreation programs we have at SAHA...and your support must mean money for programs like these.

Serving our residents...the entire family...'toda la familia' as a unit has been our main focus. We try to keep this idea alive...this is an everyday job.

Getting kids' attention through sports, we have the chance to teach them more than a basketball or baseball game, we get to teach them how they can look forward to something better. Through the Sports and Recreation Program, we reach hundreds of youngsters. Our area of concentration includes: S. J. Sutton Homes, Victoria Courts, Lincoln Heights Courts, Wheatley Courts, Spring View Apartments, San Juan Homes, Alazan-Apache Courts, Villa Veramendi, Cassiano, and Mirasol Homes. We work very hard together to provide and promote drug-free activities and have year round sports programs. SAHA works with the Police Athletic League, Boys and Girls Scouts, Just Say No To Drugs Clubs as well as many volunteers who join us in our task. I cannot say enough about what SAHA has done for residents of public housing...while the need is ongoing, we hope that the funds will also be there to continue this commitment. Under the leadership of Apolonio Flores, we have many dreams yet to realize...but with limited funds, our hopes are restricted

too. I am proud to talk to you today but more than that, I thank you for listening to us...and to our needs. Thank you very much.

Oscar H. Garza

Signature: Oscar Garza

December 15, 1993

(MR. CABALLERO)

TESTIMONY
PRESENTED TO
SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

December 16, 1993

Thank you for the opportunity to testify before this committee. My testimony focuses on the need to provide social services, in particular child care and job training, for the residents of assisted and public housing. My name is Roger Caballero, I am the Executive Director of the Victoria Courts Child Care Center. The Center is a private non-profit agency located in the Victoria Courts.

The Center has provided child care services to inner-city, low-income families, primarily residents of Victoria Courts for 25 years. The Center has worked in cooperation and partnership with the San Antonio Housing Authority in meeting the child care needs of its residents.

The Center's mission is:

"To enable families to become self-sufficient by enabling parents to enter job training or seek or retain employment"

This mission is carried out through a belief that services should be provided utilizing a holistic approach. I strongly believe that unless the holistic approach is used we will not be successful in enabling families to move towards, and eventually become self-sufficient.

Take job training for instance, it can not be provided in a vacuum. Many, if not all, of the families who need job training, must have child care to be able to participate in training. These two services must be provided simultaneously. Coordination is a must if this is to happen. Unfortunately sometimes this coordination is hard to come by. Over the years I have seen the frustration when a family must pass up on job training for lack of child care. And I have also seen the reverse, where a family must give up child care because they could not locate job training.

Because of this first hand knowledge and experience, and because there has long been a documented need for qualified child care workers the Center developed The Early Childhood Teacher Training and Jobs Program.

The goals for this program are two fold:

To increase employment and the standard of living among San Antonio and Bexar County low-income disadvantaged families, who rely on public housing and other public assistance, by empowering these families with salable skills that will enable them to move towards, and eventually become self-sufficient.

To impact the quality of center-based child care services in San Antonio and Bexar County by providing center-based child care programs with trained and experienced substitutes, and a qualified pool of workers from which to fill child care job vacancies.

The Early Childhood Teacher Training and Jobs Program departs from traditional training methodologies. Traditional training models, where trainees spend a long time in remediation before being eligible for skills training, have failed this target population in the past.

The Early Childhood Teacher Training and Jobs Program's combination of simultaneously providing theory courses and on-the-job training has proven successful. Eighty five percent of program participants successfully complete the program, of that 85% who graduate from the program 100% are placed in child care jobs. The program's success can be attributed to its meeting two community needs - training for low-income disadvantaged individuals, and making available qualified child care workers.

Program model calls for:

Two week Screening/Pre-Training Program.

Fifteen week child care job training program. This program is a combination of class room (9 child care courses, First Aid and CPR) instruction by San Antonio College (SAC) and on-the-job training by The Center.

Graduates of the program are hired as Substitute Child Care Workers to staff The Center's Child Care Worker Substitute Pool Program. Program graduates have the option of hiring on with any of the center-based child care centers that contract with the Substitute Pool or of remaining employed as substitute child care workers.

This program was recognized and honored as one of the "Best of Texas" in 1992.

The Best of Texas Yearbook was planned to celebrate the achievements and successful activities of hard working professionals and community leaders throughout Texas. The "best" programs in this book are those that have identified a difficult issue, explored solutions, and taken risk to find an answer. They are programs that frequently started with few resources and struggled to secure financial support. Many of them employ very unusual strategies to help families. Being the "best" for this book is not about being the biggest or the oldest agency in the community, it is about being the most resourceful. It is about breaking the traditional pattern of service and experimenting new ideas.

BEST OF TEXAS YEARBOOK 1992
CORPORATE CHILD DEVELOPMENT FUND

In spite of this honor, recognition, and proven track record this program has yet to succeed in securing government funding.

The program was started in 1988 with a private foundation grant. Since then it has operated on a "shoe string" budget, and has each year been in danger of falling by the wayside. In fact, were it not for the cooperation and support from the San Antonio Housing Authority this program would be no more.

I strongly believe that this type of program - where a holistic and partnership approach is being used, and proven successful - should be given stronger funding consideration from government agencies and programs.

TESTIMONY OF
Mrs. Blanche A. Russ
Chief Executive Officer
Parent/Child Incorporated
1000 West Harriman
San Antonio, Texas

The Need to Provide Social Services to Residents
of Assisted and Public Housing

The great need to provide social services to residents of assisted and public housing in San Antonio is overwhelming. With 5,247 families on the waiting list for public housing and over 25,000 on the waiting list for Section 8 housing, affordable housing, in some ways, does not exist in San Antonio.

According to Partnership for Hope's recent study and publication of "A Different American Dream: The Low-Income Housing Crisis in San Antonio", San Antonio's metropolitan area is one of the poorest large urban areas in the country. Poverty is a precursor to housing problems, and housing is the largest expense for most families. Low incomes force poor households to devote large portions of their financial resources to housing that is frequently of low quality. In many cases housing becomes a tremendous financial burden, preventing families from purchasing other essential items, including food.

In San Antonio poverty and the cost of housing collide to create a housing market that ranks among the worst in the country in several categories. San Antonio has the second-highest poverty rate among U.S. cities of more than 750,000 residents.

The American Housing Survey for the San Antonio Metropolitan Area in 1990, which provided most of the data use in Partnership for Hope's study, reports that 19 percent of all households in the San Antonio metropolitan area were poor in 1990, a total of 87,200 poor households. This is a noticeable increase from the 16 percent figure in the American Housing Survey for the San Antonio Metropolitan Area in 1986, and substantially higher than the national average, 14 percent. Among the 44 metropolitan area that the American Housing Survey examines individually, the San Antonio metro area, which included Bexar, Guadalupe and Comal counties, had the second-highest poverty rate. The city of San Antonio was the seventh-poorest among the central cities of each of the 44 metropolitan areas. The city of San Antonio also was the poorest section of the metropolitan area with a poverty rate of 24 percent in 1990.

Poverty is much more prominent for San Antonio's large minority population than for white residents. As a result, minorities experience housing pressures far more frequently than

the rest of the population.

- .. Black households had a poverty rate of 34 percent in 1990.
- .. Hispanic households had a poverty rate of 30 percent.
- .. The poverty rate for white households in 1990 was much lower, 9 percent.

The large Hispanic population in the San Antonio metropolitan area gave that group prominence in terms of the number of poor households. There were 54,600 poor Hispanic, 21,700 poor white, and 9,800 poor Black households, along with 1,500 poor households of other ethnic backgrounds in the San Antonio metro area in 1990.

While low-income housing generally has certain characteristics, the housing market in San Antonio is distinct in several respects. First of all, unaffordable housing is less of a problem in San Antonio than in many other metro areas. In the San Antonio metropolitan area, 68 percent of poor households--50,800 households--inhabit unaffordable housing, defined as housing the consumes more than 30 percent of household income. Yet poor households in San Antonio are not as financially burdened as are poor households nationwide, 75 percent of whom live in unaffordable housing. Among the 44 metropolitan area examined in the American Housing Survey, the San Antonio area ranks among the 10 least burdensome for low-income households.

This is not to say, however, that housing is affordable for poor households in the San Antonio metro area. The high percentage of income spent on housing is the primary low-income housing problem in every major metropolitan area in the country, and San Antonio is not exception. Poor households in the San Antonio area have little choice but to devote large portions of their income to housing.

- .. In 1990 the typical household in the San Antonio metropolitan area with an income under \$5,000 spent 56 percent of its income on housing.
- .. Households with more than \$120,000 in income spent just 8 percent of their income on housing.

In fact, thousands of poor households spend 50 or even 70 percent of their income on housing. Housing cost burdens of this magnitude force a household to make hard choices about other expenses, such as food, clothing, or health care. In extreme cases, families must live in the same home with another family, or even become homeless.

- .. The typical poor renter household in the San Antonio metropolitan area spent 46 percent of its income on housing.
- .. poor owners spent 37 percent of its income on housing.

Since housing unaffordability is the most widespread problem for poor households, this aspect of low-income housing is fairly equally shared among poor whites, Hispanics, and blacks in the San Antonio metropolitan area. Poor white households actually spent more on housing than the other groups, but because blacks and Hispanics had higher poverty rates, unaffordable housing was more common among minority households in general.

- .. Poor white households spent 53 percent of their income on housing.
- .. Poor black households spent 45 percent of their income.
- .. Poor Hispanics spent 36 percent of their income on housing.

Another vivid indication of the severity of housing unaffordability is the shortage of low-rent units in the San Antonio metropolitan area. In this case, low-rent units are those with housing costs of less than \$250 a month, and low-income renters are renter households with income below \$10,000 a year.

In 1990 there were 52,700 low-income renters and just 37,400 low-rent units in the metro area--a shortage of 15,300 units. This situation has persisted since the early eighties when the number of low-income renters passed the number of low-rent units. In 1982 the San Antonio metropolitan area faced a shortage of 8,400 low-rent units. The surplus of low-income renters grew to 16,900 in 1986 before the gap narrowed.

In addition, about one in six low-rent units in the San Antonio metropolitan area was vacant in 1990, and may have been in poor condition. Also, more than one in four low-rent units was occupied by a household not considered low-income. As a result, only 40 percent of the low-income renters in the metro area lived in low-rent units.

While unaffordable housing is the most common problem for poor households in the San Antonio metropolitan area, the region stands out nationally for the poor quality of low-income housing. In particular, poor homeowners in the area endure conditions significantly worse than owners in other large metro areas.

Eighteen percent of poor area households were overcrowded in 1990--15,500 households--more than twice the national rate of 8 percent for poor households. Additionally, the rate of overcrowded housing increased from 16 percent in 1986, which was one of the four highest rates in the country among surveyed metro areas.

The crisis is more obvious for homeowners. The rate of overcrowded housing for owners was 18 percent, four and a half times the national level of 4 percent for poor owners. This was the highest rate among the 44 metro areas examined individually in

the American Housing Survey.

Unlike housing affordability, which was evenly distributed among different ethnic groups, overcrowded housing for the poor in the San Antonio metropolitan area was much more common for Hispanic households.

- .. 26 percent of poor Hispanic households were overcrowded.
- .. Just 7 percent of poor black households were overcrowded.
- .. 3 percent of poor white households were overcrowded.

Two out of five poor Hispanic households also included relatives other than spouses or children of the householder, and more than one in 10 poor Hispanic households contained more than one family. Just 2 percent of non-Hispanic poor households included more than one family.

Physically deficient housing, defined as living quarters with at least one moderate or severe physical problem, is also very common in San Antonio. Thirty-nine percent of low-income housing--a total of 34,000 units--in the San Antonio metropolitan area was physically deficient in 1990. This level is more than double the rate of 17 percent for poor households nationwide.

Housing with physical problems was more common for poor owners than poor renters. Nearly half, 47 percent, of poor homeowners in the San Antonio metropolitan area inhabited physically deficient housing, compared to 16 percent of poor homeowners nationwide. San Antonio's rate of owner-occupied housing with physical problems is the highest among the 44 metro areas in the American Housing Survey.

Poor renters lived in physically deficient units in 33 percent of all cases, while the national rate was 18 percent. San Antonio's rate for renters was the second-highest for the surveyed metropolitan areas.

Poor Hispanic households in San Antonio lived in housing units with physical problems more frequently than poor Hispanic households in any other major metropolitan area.

- .. 49 percent of poor Hispanic households inhabited housing that was physically deficient.
- .. 35 percent of poor black households lived in physically deficient housing.
- .. 16 percent of poor white households had housing with physical problems.

Unlike overcrowded housing, which is generally contained within the poor population, physically deficient housing also is common among non-poor households in the San Antonio area. In 1990, 16 percent of the non-poor households in the San Antonio metro area

were physically deficient, a level just under the 17 percent rate nationally for poor households.

Additionally, many households had more than one problem.

- .. 19 percent of all households in the metropolitan area lived in unaffordable housing that was also physically deficient.
- .. 44 percent of overcrowded housing was also physically deficient.
- .. Of the units that were both overcrowded and physically deficient, 99 percent were occupied by Hispanic households

In general, poor households contained more persons than non-poor households, although 60 percent of poor households had three or fewer persons.

- .. 45 percent of the poor households with more than one person were headed by single women.
- .. 73 percent of poor persons living alone were women.
- .. 64 percent of poor women living alone were elderly.
- .. 22 percent of elderly households were poor, as were 18 percent of non-elderly households.

A final characteristic of low-income housing is the lack of any housing whatsoever. While the American Housing Survey does not include the homeless in its calculations, information on the homeless is available from the annual report from the U. S. Conference on Mayors. In 1992 there were 8,546 homeless individuals in the city of San Antonio. The local homeless population included more families, employed individuals, and mentally ill persons, and fewer single men and substance abusers than the homeless in other cities.

The decreased activity of the federal government in assisting low-income households has had severe repercussions. Between 1977 and 1980 the U. S. Department of Housing and Urban Development assisted an average of 316,000 new renters households annually. From that time, however, assistance has dropped to just 106,000 households. Poor households locally have felt the impact of this action.

Like many cities, San Antonio has tried to adjust to meet the growing need for low-income housing assistance. The efforts, however, do not keep pace with the number of new households that need help, much less serve those who already have housing problems. The City of San Antonio estimates that 2,500 households formed each year could require housing assistance, but figures show that only about 750 total households were assisted in 1992.

The San Antonio area has severe shortages of Section 8

housing, subsidized rental housing in privately owned home or apartments. The San Antonio and Bexar County housing authorities have a combined 25,000 families on their waiting lists for Section 8 housing. Families typically wait up to six years for a unit, and families with children have the fewest opportunities. The Housing Authority of Bexar County, for instance, has not issued a new subsidy for a three-bedroom unit since 1987.

The San Antonio Housing Authority also operated 62 public housing developments that contain 8,032 units. The waiting period for a unit can be as long as three to six months, depending on the family's needs.

Poor families in particular find housing assistance scarce. Families with children generally require more space than other households, severely limiting their options. The special needs of families is separated--children from parents, and spouses from each other--when in an emergency shelter.

In many ways a household's residence reflects its quality of life. A home that has structural problems may pose a threat to the well-being of those inside. A family that spends too much of its income on housing has an economic burden that pervades all aspects of life.

Housing affects us in other ways. An overcrowded house can lead to problems when important activities are hindered, such as when a child doesn't have sufficient space to study. Also, if one person becomes sick, the chances of the illness spreading increase in a cramped home.

Housing indicators for poor households in the San Antonio metropolitan area suggest that ten of thousand of families exist in conditions that can be described most gently as uncomfortable, and more drastically as deplorable. Such an existence affects not only the value of property, but something much more valuable. Family life for many of the poor in the metro area is adversely affected. This in turn has an impact on the entire community.

Parent/Child Incorporated's Head Start Program, currently provides quality comprehensive early childhood development services to 643 children in 9 of the 26 San Antonio Housing Authority public housing complexes. Within these 9 complexes, there are 4,604 units, and 7,515 children between the ages of 3 and 5 years, which are Head Start age eligible. Head Start is faced with the same problems that affect the country at large and especially the low-income population--increases in single parent families, teenage pregnancies, illiteracy, homelessness, substance abuse, child abuse and neglect. PCI's Head Start Program continues to look for effective methods of dealing with these issues and delivering needed services to their target population. With four major components in Head Start, ways have been designed to take into

account community resources and the capabilities of staff, that will improve services for children and families in the areas of education, health, parent involvement and social services.

The educational services provided by Head Start are designed to meet each child's individual needs. It also aims to meet the needs of the community served and its ethnic and cultural characteristics. Every child enrolled in the Head Start Program receives a variety of learning experiences to foster intellectual, social and emotional growth, children participate in indoor and outdoor play and are introduced to the concepts of works and numbers. They are encouraged to express their feelings and to develop self-confidence and the ability to get along with others.

The health services are of great importance in early identification of health problems. Since many of the children Head Start serve are children of low-income families, and have never seen a doctor or dentist, Head Start arranges for every child to receive, if needed, comprehensive health care, including medical, dental, mental health and nutrition services. Children receive a complete examination, including vision and hearing tests, identification of disabling conditions, immunizations and a dental exam. follow-up is provided for identified problems. Many children entering Head Start do not receive good, nourishing meals at home. In Head Start, children are served hot meals and snacks each day in order to ensure that at least one third of their daily nutritional needs are met. A Nutritionist supervises the nutrition activities and helps staff to identify the nutritional program to teach parents how to select healthy foods and prepare well-balanced meals and how to obtain food stamps and other community assistance when needed. In recognizing the importance of providing mental health and psychological services to children of low-income families in order to encourage their emotional and social development, mental health services and training is provided parents, as well as, staff to make them aware of the need for early attention to the special problems of the children.

The social services component plays a large part in providing the full range of comprehensive services provided by Head Start. With poverty more prominent for San Antonio's large minority population, pressures frequents this population more than the rest, thus causing acute stresses to many of the families we serve. Adequate and comfortable housing, in a secure and safe environment is the desire of the families we serve. Many of the families we serve, currently take advantage of the variety of services provided by the Head Start Program. However, due to the many stresses of the families, which includes the whole household, many are reluctant to come forth, while a large percentage of the families PCI's Head Start Program serves are receiving job training skills, substance abuse counseling and referrals and many are attending literacy classes, GED and ESL classes, we are only reaching a hand full of the families.

Head Start experience has shown that the needs of children vary considerably from community to community and that, to serve these needs most effectively, services must be made available to the families, and in most instances, to the community. The Social Services of Head Start represents an organized method of assisting families to assess their needs and then providing those services that will build upon the individual strengths of families to meet their own needs. Some of the activities that the social services staff use to assist our families to meet their needs are: community outreach, referrals, family needs assessments, providing information about available community resources and how to obtain and use them, and emergency assistance and/or crisis intervention. With the large number of families we serve, additional assistance is needed by our Social Services staff. In four areas of the City served by PCI's Head Start Program, we have in place Family Service Centers and Satellite Offices. Services are provided to the families of the children enrolled in our on-going Head Start Program. However, upon implementation of this Project, the needs of the non-Head Start community, were exceedingly high. Through the Family Service Center, the Head Start program works with community agencies and organizations to effectively deal with the problems of substance abuse, illiteracy and unemployment among our Head Start families and encourage families to participate in activities designed to: reduce and prevent the incidence of substance abuse, improve the literacy of parents and other adults in Head Start families; and increase the employability of our parents. Through parental involvement, parents participate in classes and workshops on child development and through staff visits to the home, parents learn about the needs of their children and about educational activities that can be carried out at home. Many parents serve as volunteers and receive preference for employment in Head Start jobs.

Head Start also has Parent and Child Centers that provides comprehensive services to low-income families with children up to three years of age. With an enrollment of 106 infants and toddlers, services are provided that include infant-toddler development activities, comprehensive health care of young children and their families, nutrition education, social services for the entire family, parent involvement in the program, and assistance to parents in overcoming economic and personal problems.

One might say, if these social services are provided, then there is no need for additional social services for the residents of assisted and public housing. You are quite wrong! Head Start only reach a handful of the parents in public and/or assisted housing. Community organizations provide a wide array of services, however, in order to be more effective in the delivery of social services, more is needed.

A "One-Stop" facility which would provide the needed social

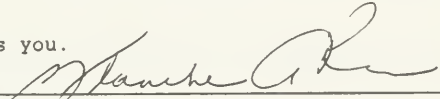
services is the most ideal method we have found, in providing services to our families. This facility should be easily assessable and hours of operation should be very flexible in order to meet the needs of the community. A computerized system should be utilized in order to link with various government and community agencies, so that services could be coordinated from one initial point.

Parent/Child Incorporated has seen positive results of mothers getting off the welfare rolls, in job training, acquiring their GED and going into the workforce. The children, when they exit the Head Start Program and enter the public school system, are high achievers and are more likely to be placed in "excel" classes. Head Start is the best known program for affording low income families an opportunity in becoming self-sufficient. The self-esteem that is build by families participating in the Head Start Program can serve as a catalyst to self-sufficiency.

Yes, more affordable housing is needed, as well as, more social services for the low-income population of the City. A healthy, secure and safe environment should not only be a dream for low-income families, but a reality. More single dwellings should be made affordable so that when families become self-sufficient, they may transition out of the housing complexes into single dwellings and made to feel more self-assured of their accomplishments.

There is no doubt that assisted and public housing will continue to be a part of our life style, and as long as there is public housing, there will be Head Start Centers located within them.

Thank you and God bless you.



 Mrs. Blanche A. Russ

 December 15, 1993

(MS. MALTBY)

Field Hearing, Dec., 16, 1993

House Banking Committee's Subcommittee on Housing and Urban Development.

First, let me thank you for making it possible for the Congress to allow "some housing for the elderly, only." The big problem now is to get this enforced. I would like to know what has been accomplished in this regard since the last hearing.

As Managing Editor for a chain of nine newspapers, I have followed public housing from the beginning. I have lived in Housing for the Elderly provided in San Antonio. I have served as President of a Residents' Association. I have watched the decline in maintenance in public housing. It appears to me the policy is to let everything in the way of upkeep go and when it gets bad enough, apply for more Federal aid to fix things up. How much money for maintenance has been provided in this years' Operating Budget?

VIRGINIA J. MALTBY
 14414 Modesta PL
 19247
 Virginia J. Maltby 494-0243

Thursday, December 16, 1993

Request to examine public records denied on Dec. 14, 1993.

Budget for Burning Tree apartments.

Amount of rent collected to date.

Minutes of the Finance Corporation meetings

Resolution passed for buying Burning Tree apartments.

Application to purchase Burning Tree apartments

Only record presented for examination was the resolution to purchase the property -- passed and approved on the 25th day of August, 1993. The title "President" was typed in at the conclusion of the document, along with the Secretary-Treasurer but no signed signatures for these person were in evidence. Can this be a legal document without signatures of the parties responsible? Mr. William Cromwell, III was the person who refused to give me the public records.

This is not the first time I have been refused the right to examine records of the San Antonio Housing Authority. In a letter, dated November 21, 1988 Mr. Flores asked for \$500.00, in advance for records. I reported this to the State Attorney General, and he issued an opinion against this.

Are board members of the San Antonio Housing Authority using nonprofit corporations to hide how they are doing business and spending Federal and State and City tax monies?

After forming the San Antonio Housing Facility Corporation, with Housing Authority Commissioners as Directors of the corporation, on December 23, 1982, approved a "Certificate For Consent to Act Without a Meeting." Board of Directors (who were also Commissioners for the San Antonio Housing Authority) at that time were: Guadalupe Torres, L. C. Rutledge, Robert R. Garcia, Edward L. Minarich, Jr., and Michael A. Garcia, Jr., according to official document.

The San Antonio Housing Authority Commissioners are appointed by the San Antonio City Council and the City Charter says all committees, etc., "shall" hold open meetings and allow public examination of records.

By your) Malley

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